



Economic Outlook

Mecklenburg County Economist
Michael B. Simmons

Population and Rankings Data



Mecklenburg County Rankings

#1

- Top Tech Town, *CompTIA*
- Metro with highest growth of number of women-owned firms, *American Express OPEN*
- Women-Owned Business Growth, *The State of Women-Owned Business Report*
- Best State To Start a Business, *FitSmallBusiness.com*
- U.S. Growth State, *WalletHub*
- Cheapest Cities to Base Your Tech Startup, *Bloomberg Technology*
- Atrium Health, *US News Best Regional Hospitals Rankings*
- Top Tech Momentum Markets, *CBRE Group*
- Fastest Growing Large Economy, *Bureau of Economic Analysis*

#2

- Best Airports for Business Travelers, *TravelBank*
- Highest Average Growth in Number of Small Businesses, *WalletHub*
- Most Valuable Minor-League Baseball Teams, *Forbes*
- Cities Creating the Most Tech Jobs, *Forbes*
- Solar Construction in the United States, *Solar Market Insight*

#3

- Most affordable town in Charlotte Metro (Indian Trail, NC), *SmartAsset*
- Renters More Likely to Plan on Settling Down in More Affordable Metros, *Rentonomics*
- Best Metro Area for growth in STEM Jobs, *Forbes*
- Best City for Tech Employees, *Paysa*
- Best Large Cities to Start a Business, *WalletHub*
- Most Frugal Cities, *Coupons.com*
- Solar Capacity, *Solar Market Insight*



Population Growth

Mecklenburg County Population

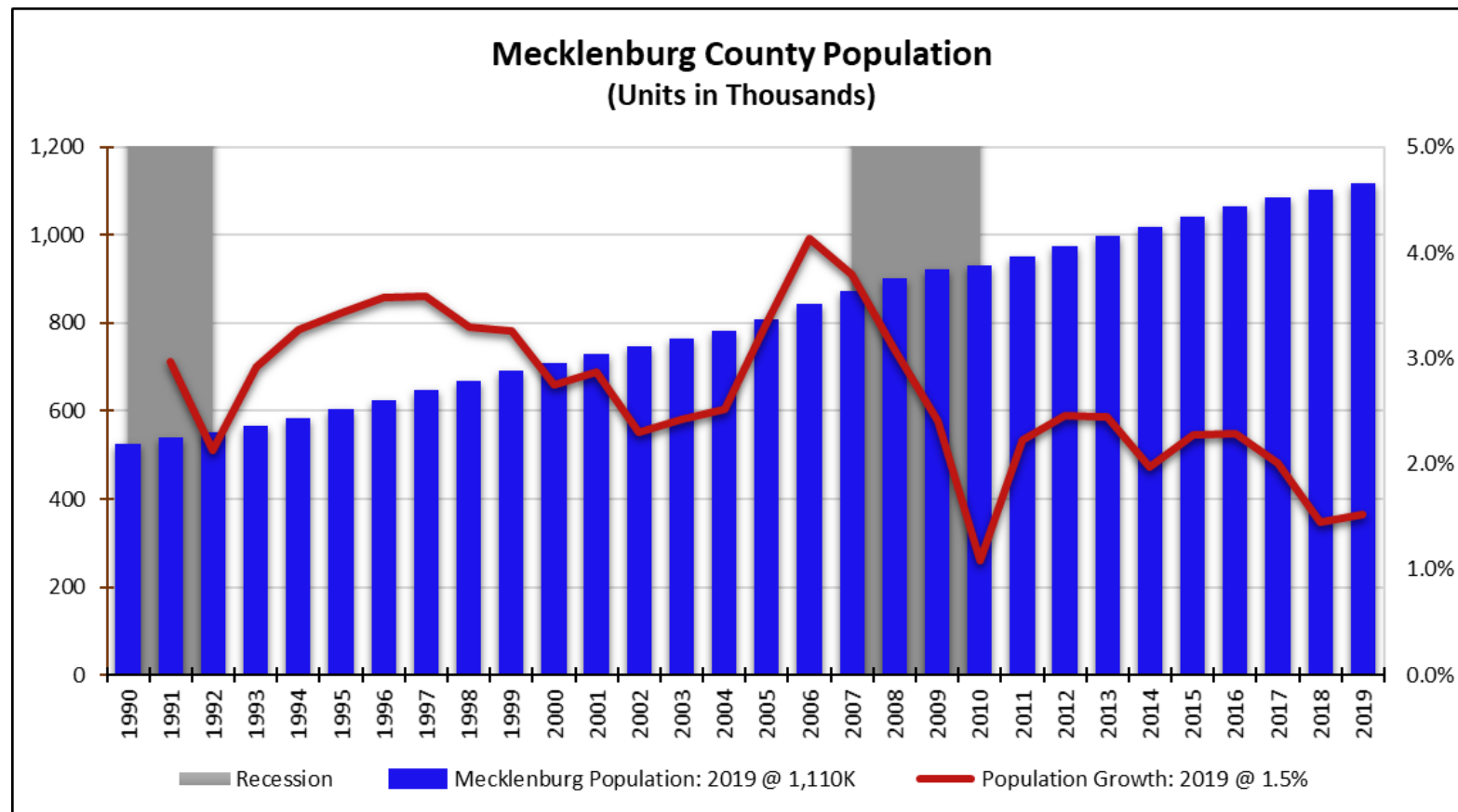
2011 – 944,943

2019 – 1,110,356

40th largest county in the nation.

17.5% population growth since 2011.

Population is projected to continue to increase faster than the national average over the next 30 years.

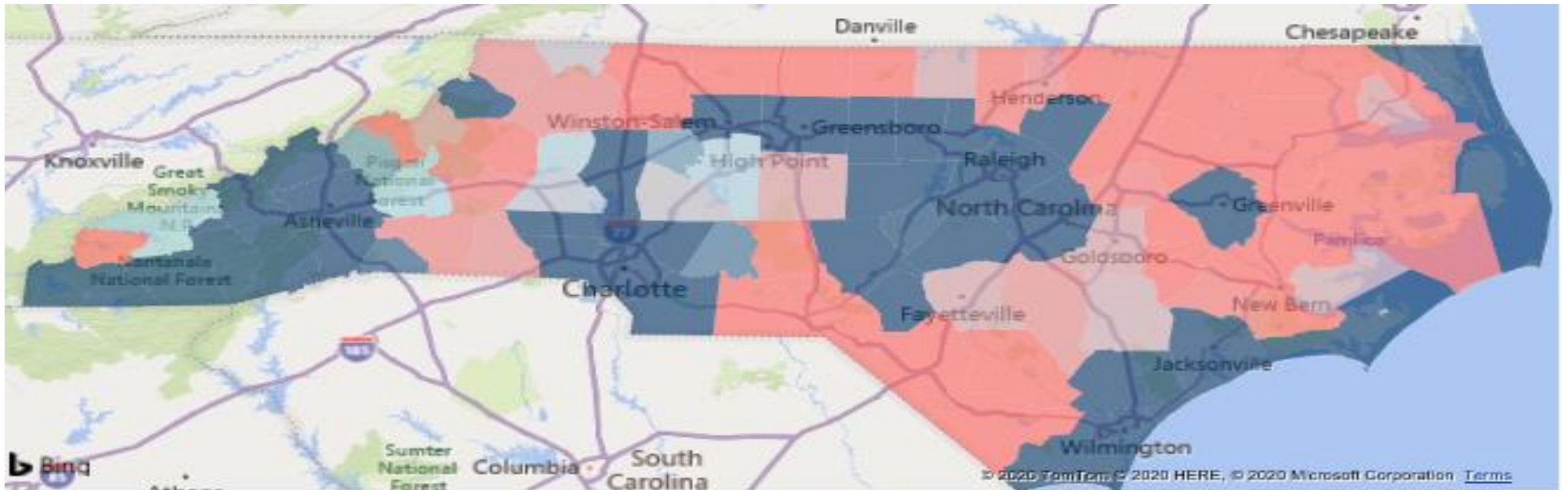


Population Growth

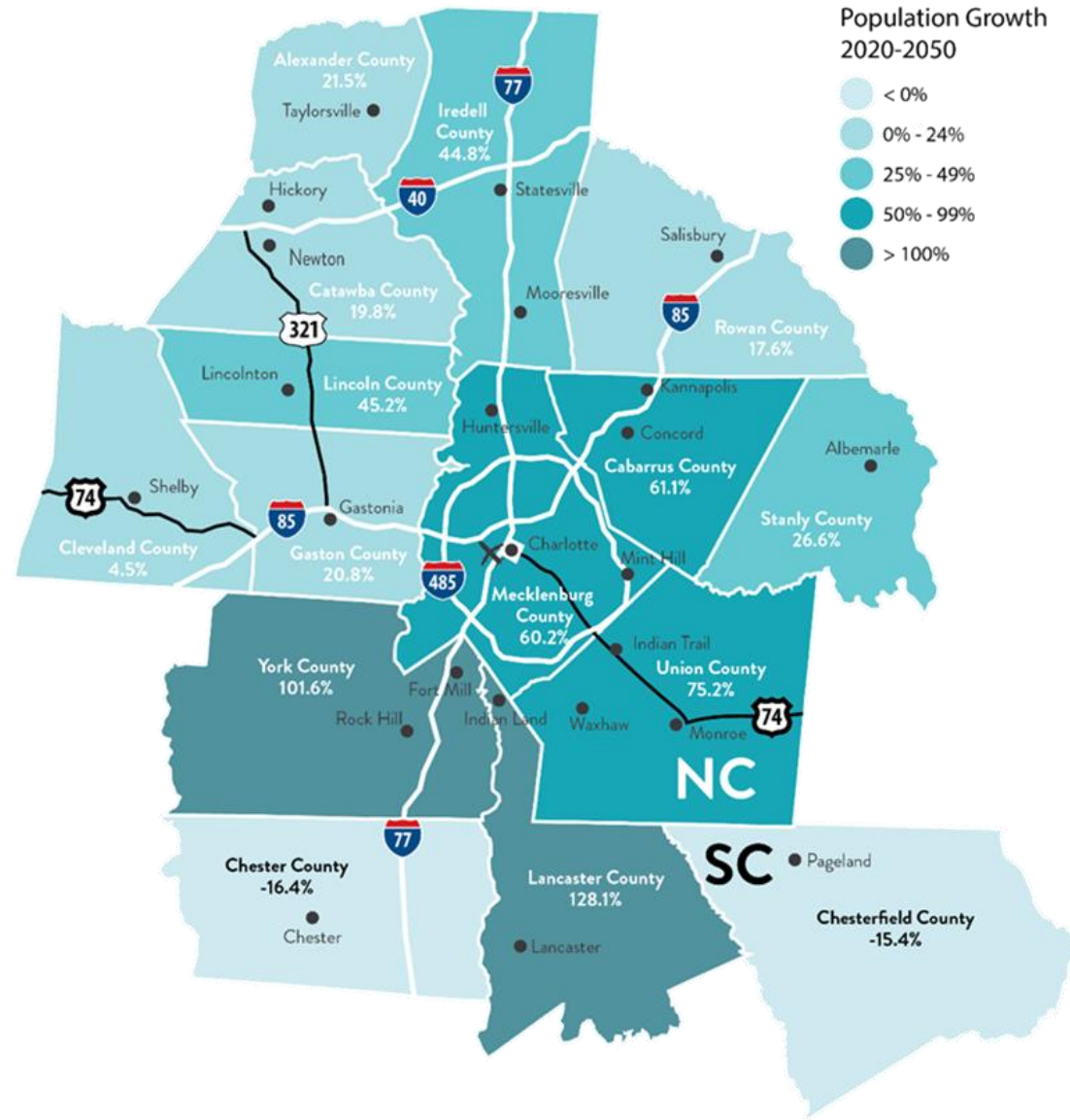
Population growth is a key determinant in a county's long term financial health.

Large cities such as Asheville, Charlotte, Raleigh and Wilmington are pulling population from smaller counties.

From 2010 to 2019 the average growth for the state was 10% with growth concentrating around the larger cities.



Long-Term Population Growth Projections



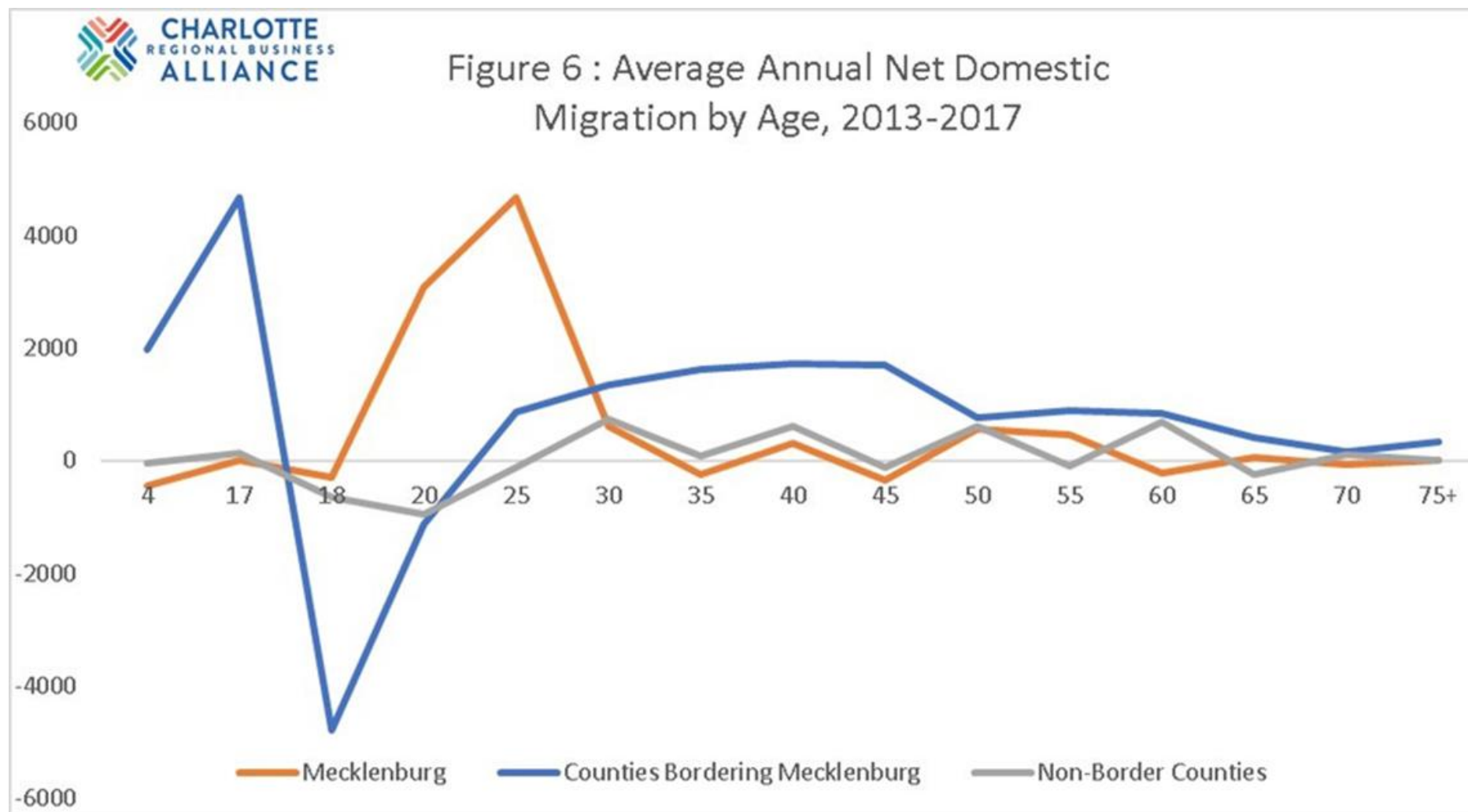
Mecklenburg County Population Expected to Add 600,000 New Residents Over Next 30 Years growing 60.2%.

Growth will be concentrated along the south and east of the County with York (+128.1%) and Lancaster (101.6%) more than doubling population.



Migration by Age to Mecklenburg County

Millennials between the ages of 20 to 25 comprise the bulk of new migrants to the County



Source: Charlotte Regional Business Alliance



Employment Data



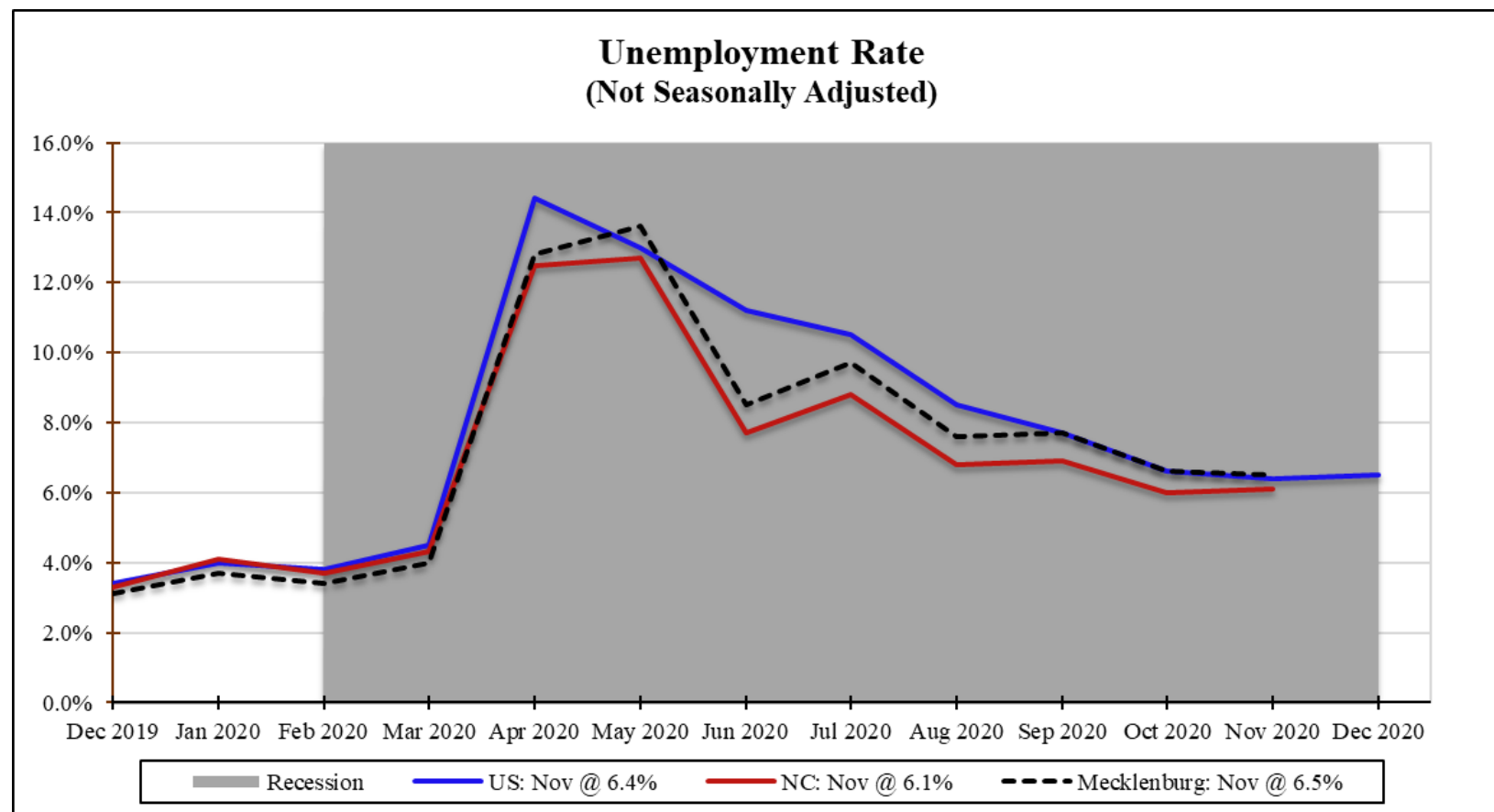
Employment

Following seven months of improvement the National unemployment rate increased from 6.4% to 6.5% in December.

North Carolina and Mecklenburg unemployment increased in November to 6.4% and 6.1%.

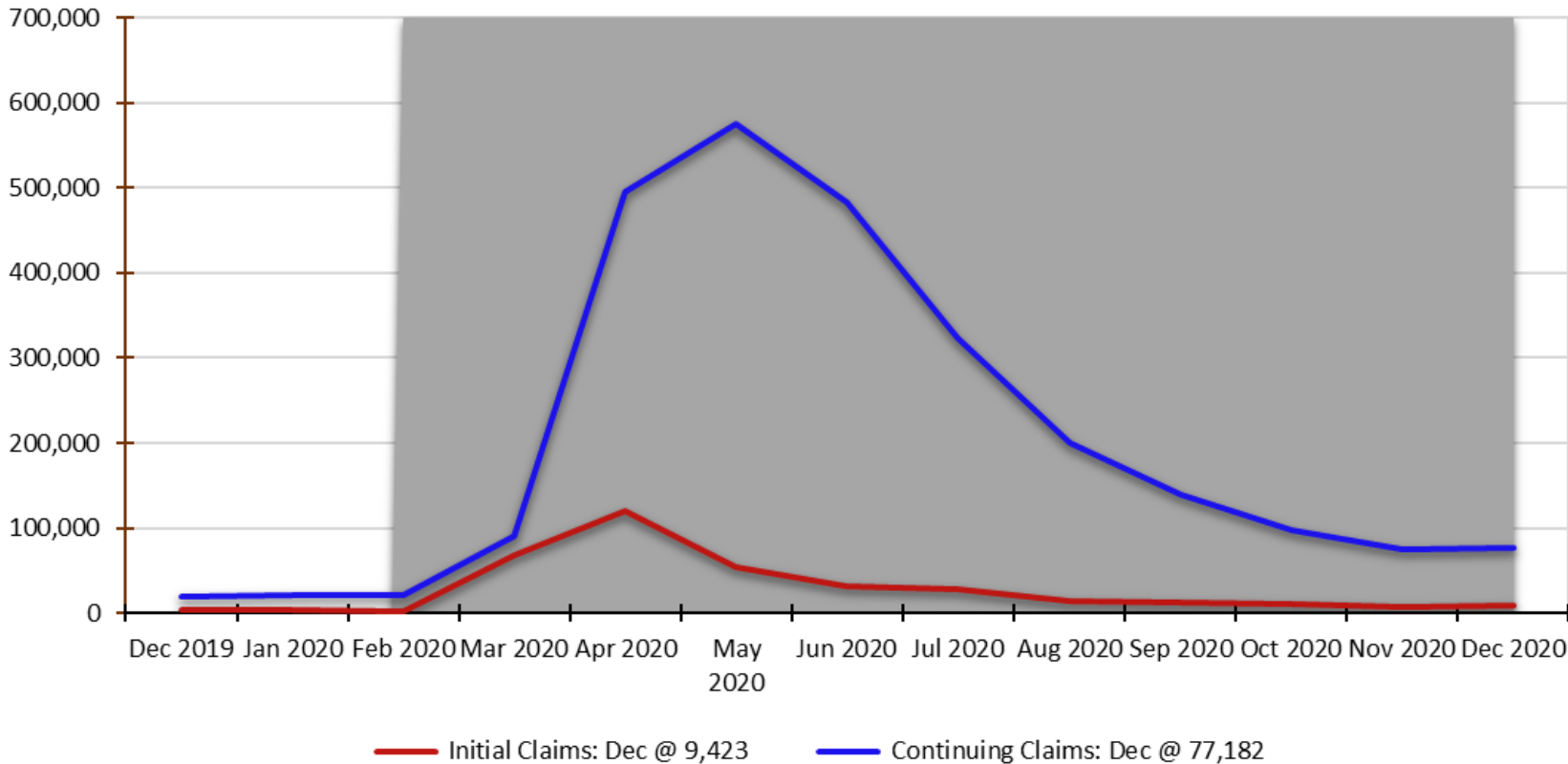
In Mecklenburg County there are 40,161 unemployed and 577,748 employed individuals.

The total labor force in the County is 617,909.



Claims Data

North Carolina Claims Data



Initial claims for unemployment in December rose by 1,693 to 9,423 from the prior month.

Continuing claims from October to November increased by 2,433 to 77,182.

Nationally initial claims are starting to increase in December as COVID-19 cases have started to restrict businesses.

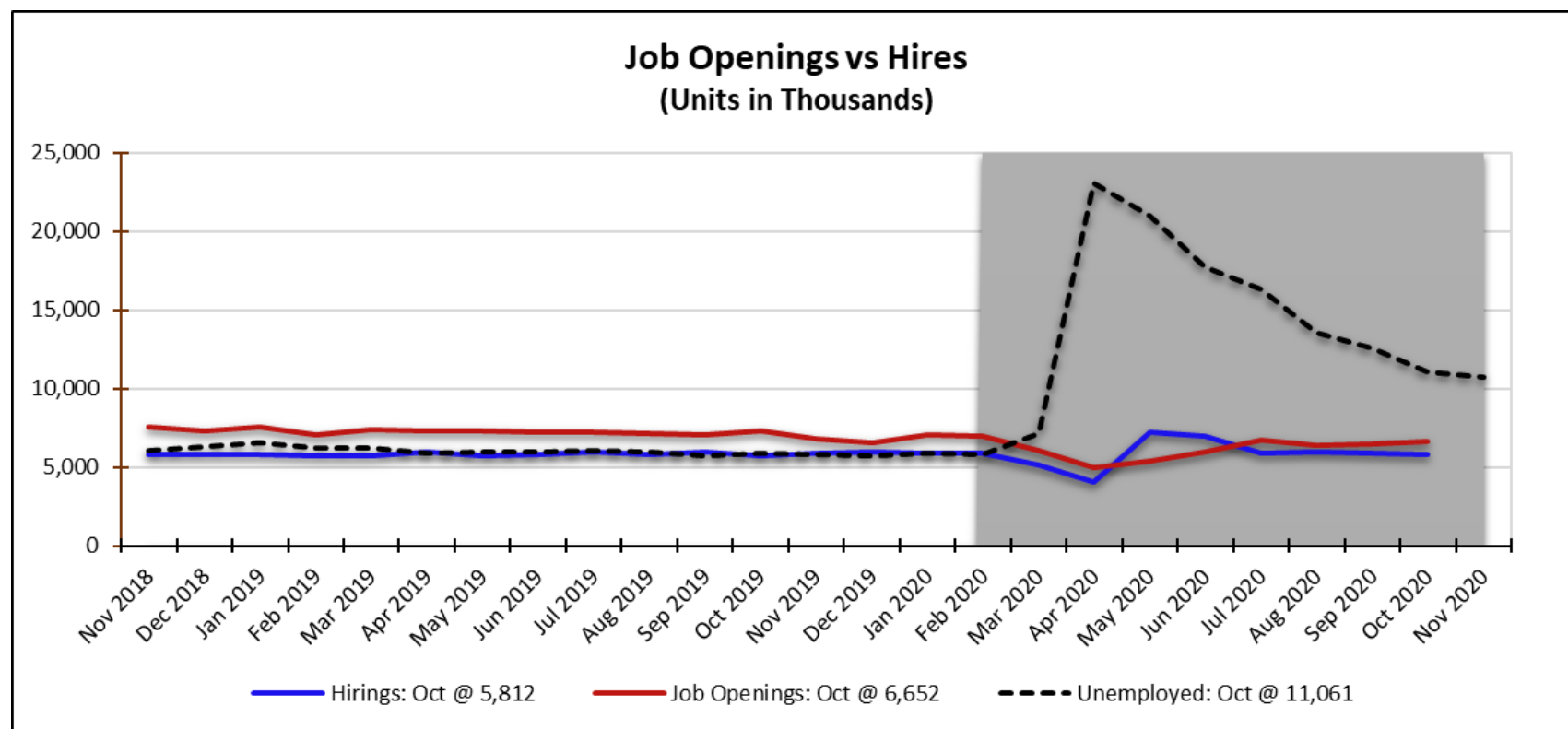


Job Openings vs Hiring

Job openings and hiring activity is pointing to a continued decline in unemployment but at a slower pace.

In 2019 job openings outpaced hiring's by approximately 1.3 million.

In October job openings are only 840k higher than hiring's indicating jobs are not as plentiful as before the recession.



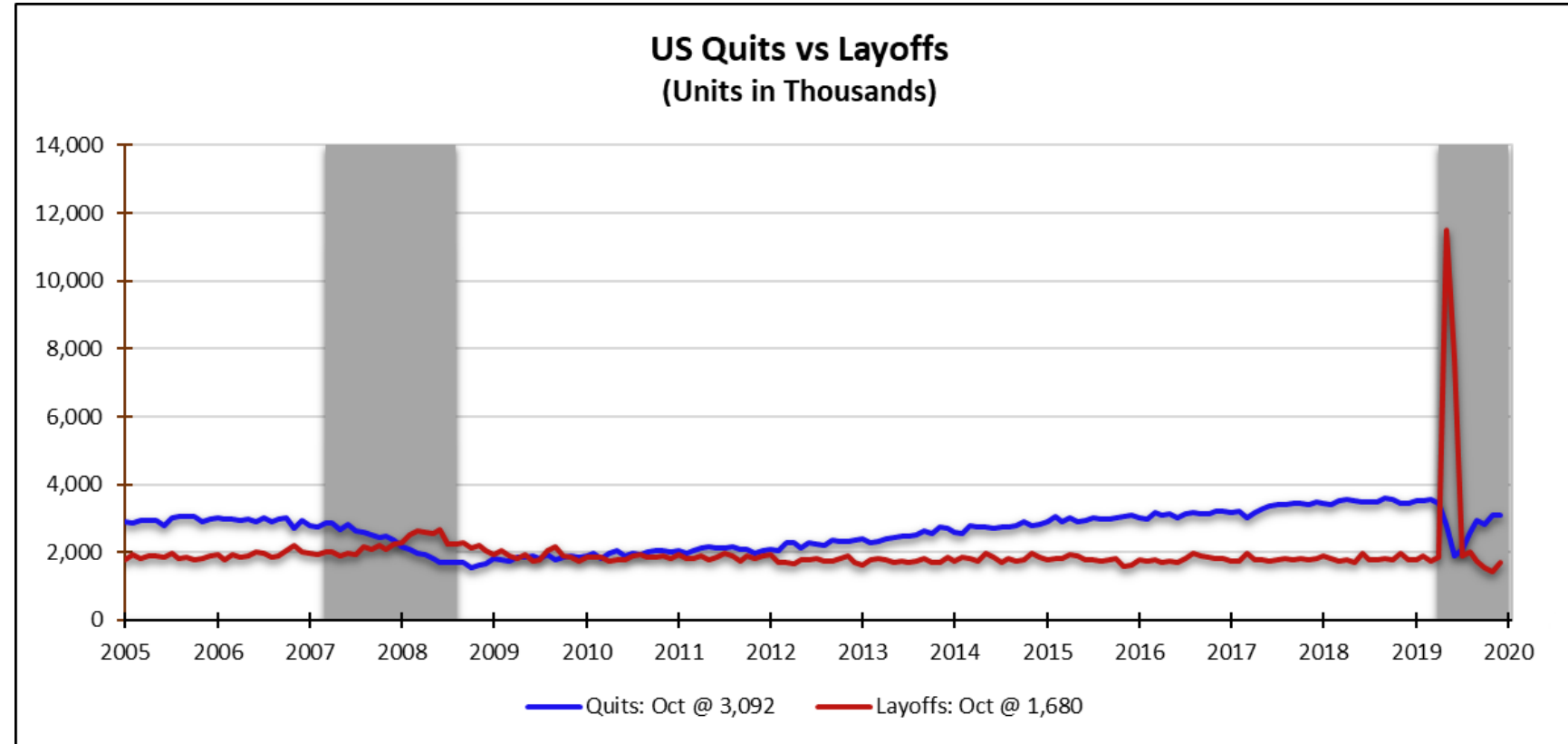
US Quit vs Layoffs

Layoffs peaked in March at 11.5 million and in August have declined to 1.7 million.

In the six months prior to the onset of the recession layoffs had averaged 1.8 million per month.

Quits measures the number of individuals that leave their job without another employment opportunity lined up and can be used to gauge the ease of finding employment.

Quits are increasing but down 10% lower than last year.



Fortune 1000 Companies

Mecklenburg County is home to fourteen Fortune 1000 companies with seven being Fortune 500 companies.

With SPX moving into the rank 999 of the Fortune 1000 and the addition of Truist, Mecklenburg continues to attract large companies due to cost of living, access to a highly skilled workforce, and favorable climate.

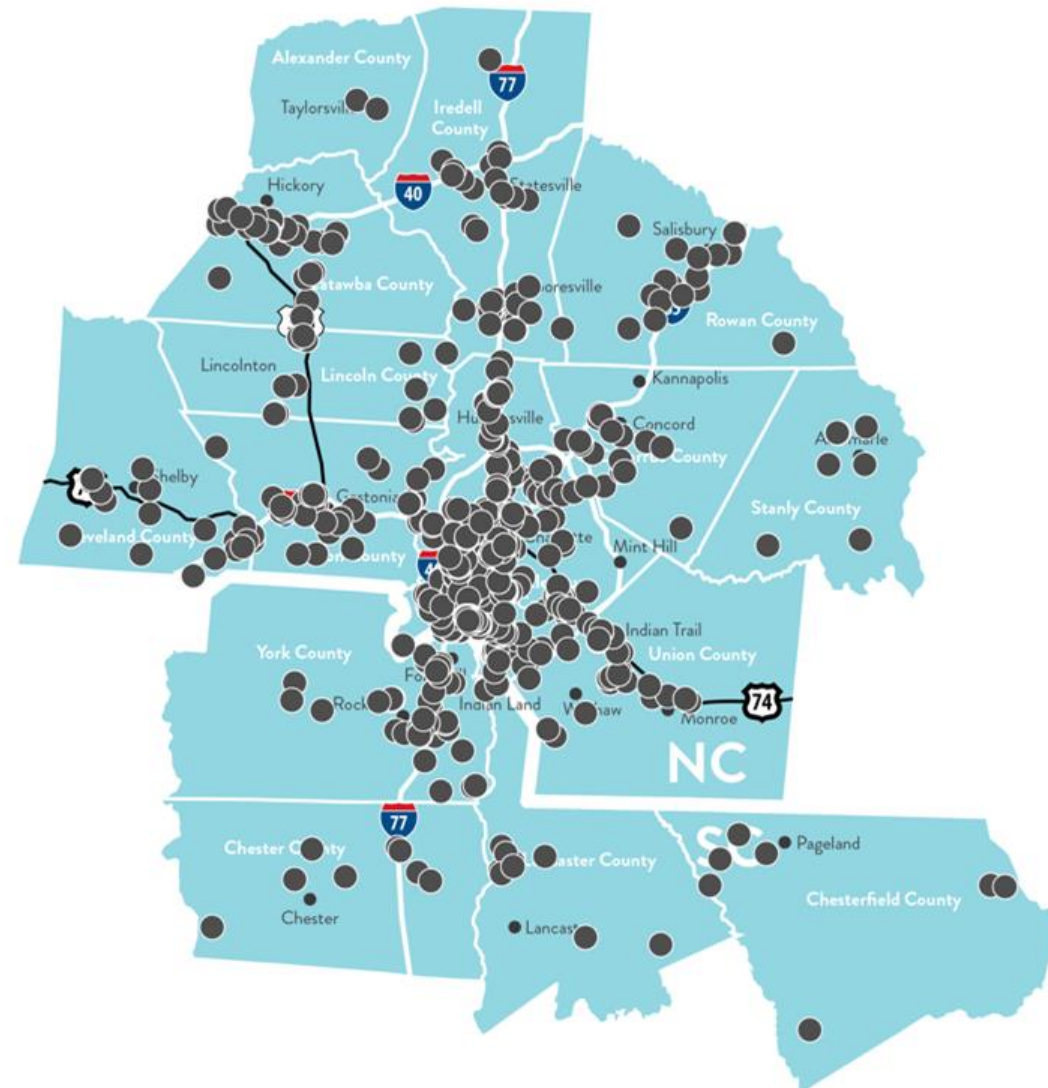
Mecklenburg County Fortune 1000 Headquarters			
Rank	Company	Industry	Revenue (\$Billions)
25	Bank of America	Financial	\$113.6
92	Honeywell	Electronics	36.7
123	Duke Energy	Utilities	24.7
139	Nucor	Metals	22.6
217	Truist	Financial	14.7
301	Sonic Automotive	Retail	10.5
457	Brighthouse Financial	Finance	9.0
562	Coca-Cola Consolidated	Beverages	4.8
564	Sealed Air	Packaging	4.8
618	JELD-WEN Holding	Building Materials	4.3
642	Dentsply Sirona	Dental Equipment	4.0
683	Albemarle Corporation	Chemicals	3.6
875	Curtiss-Wright	Aerospace / Defense	2.5
999	SPX Flow	Industrial Machinery	2.0
			\$257.8



Foreign Firms in Mecklenburg County

Count of Foreign Firms located in Mecklenburg County			
Country	2018	2019	2020
Germany	141	149	143
United Kingdom	82	90	83
Canada	62	67	64
Japan	52	54	54
Switzerland	41	43	42
France	37	41	34
Italy	34	39	39
China	27	39	29
The Netherlands	37	35	32
Sweden	20	22	23
India	16	16	10
Ireland	15	16	19
Other	123	133	111
Total	687	744	683

-8.2% decrease in foreign firms.



Mecklenburg Industry Analysis (Q2 2019 to Q2 2020)

NAICS Code	Industry	2019 Q2	2020 Q2	Change	% Chg
52	Finance and Insurance	71,443	78,050	6,607	9.2%
48	Transportation and Warehousing	40,858	45,241	4,383	10.7%
54	Professional, Scientific, and Technical Services	58,428	58,956	528	0.9%
22	Utilities	1,590	1,771	181	11.4%
92	Public Administration	18,785	18,746	(39)	-0.2%
21	Mining	187	-	(187)	-100.0%
51	Information	19,350	19,136	(214)	-1.1%
23	Construction	35,717	35,218	(499)	-1.4%
53	Real Estate and Rental and Leasing	14,066	13,196	(870)	-6.2%
11	Agriculture, Forestry, Fishing and Hunting	1,355	-	(1,355)	-100.0%
31	Manufacturing	34,249	32,242	(2,007)	-5.9%
42	Wholesale Trade	36,965	34,895	(2,070)	-5.6%
55	Management of Companies and Enterprises	31,493	29,275	(2,218)	-7.0%
61	Educational Services	35,182	32,277	(2,905)	-8.3%
81	Other Services (except Public Administration)	18,866	15,334	(3,532)	-18.7%
62	Health Care and Social Assistance	82,868	78,051	(4,817)	-5.8%
71	Arts, Entertainment, and Recreation	17,631	11,387	(6,244)	-35.4%
56	Administrative and Support and Waste Management and Remediation Services	64,825	56,219	(8,606)	-13.3%
44	Retail Trade	64,520	55,249	(9,271)	-14.4%
72	Accommodation and Food Services	65,109	39,516	(25,593)	-39.3%
Total		713,487	654,759	(58,728)	-8.2%



Source: Quarterly Census Employment and Wages (QCEW)

Mecklenburg Industry Weighting (Q2 2019 to Q2 2020)

NAICS Code	Industry	Average Employment		
		2019 Q2	2020 Q2	% pts chg
62	Health Care and Social Assistance	11.6%	11.9%	0.3%
52	Finance and Insurance	10.0%	11.9%	1.9%
54	Professional, Scientific, and Technical Services	8.2%	9.0%	0.8%
56	Administrative and Support and Waste Management and Remediation Services	9.1%	8.6%	-0.5%
44	Retail Trade	9.0%	8.4%	-0.6%
48	Transportation and Warehousing	5.7%	6.9%	1.2%
72	Accommodation and Food Services	9.1%	6.0%	-3.1%
23	Construction	5.0%	5.4%	0.4%
42	Wholesale Trade	5.2%	5.3%	0.1%
61	Educational Services	4.9%	4.9%	0.0%
31	Manufacturing	4.8%	4.9%	0.1%
55	Management of Companies and Enterprises	4.4%	4.5%	0.1%
51	Information	2.7%	2.9%	0.2%
92	Public Administration	2.6%	2.9%	0.2%
81	Other Services (except Public Administration)	2.6%	2.3%	-0.3%
53	Real Estate and Rental and Leasing	2.0%	2.0%	0.0%
71	Arts, Entertainment, and Recreation	2.5%	1.7%	-0.7%
22	Utilities	0.2%	0.3%	0.0%
11	Agriculture, Forestry, Fishing and Hunting	0.2%	0.0%	-0.2%
21	Mining	0.0%	0.0%	0.0%
Grand Total		100.0%	100.0%	0.0%



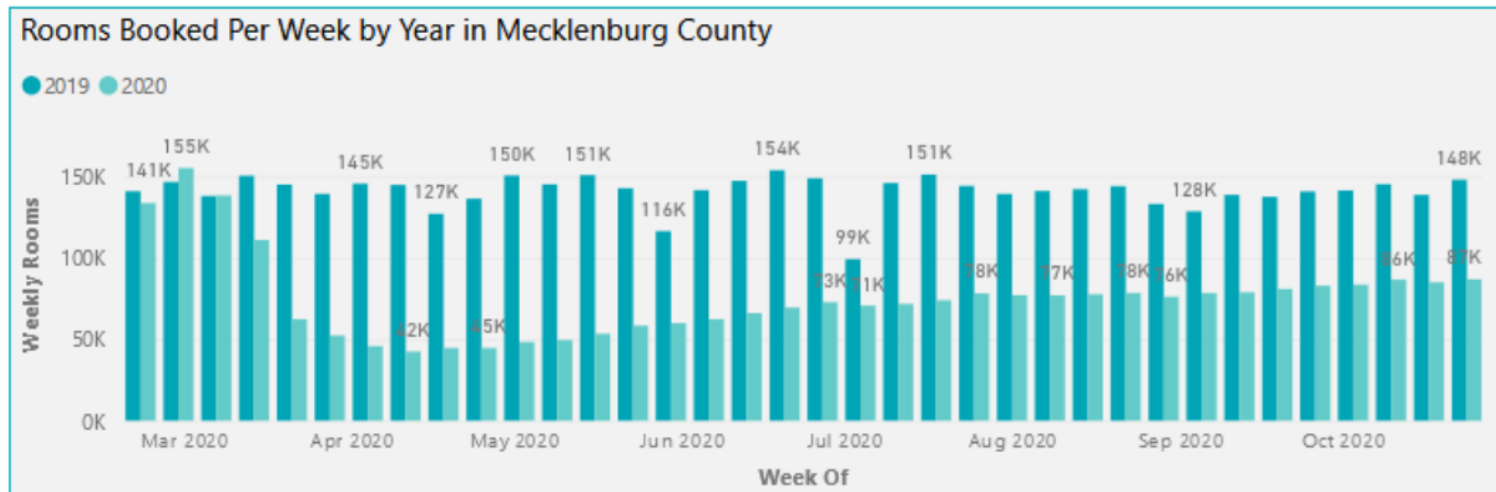
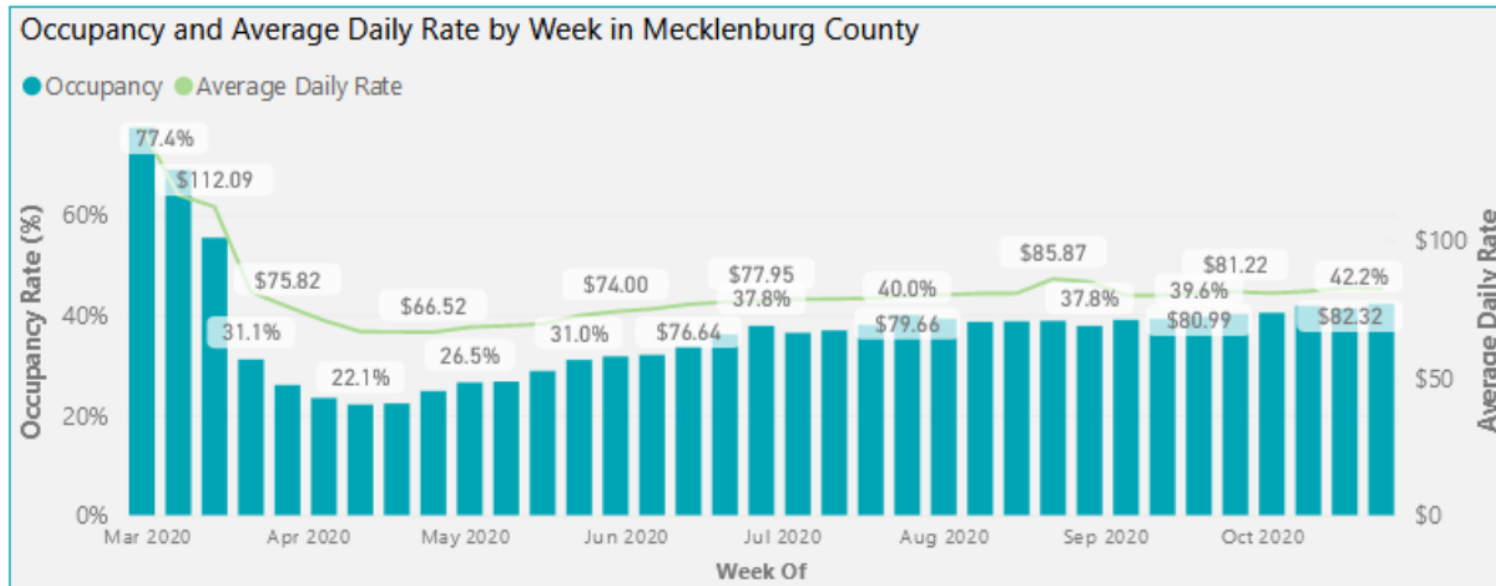
Source: Quarterly Census Employment and Wages (QCEW)

Hotel Performance Data

Charlotte hotels at the start of the pandemic dropped from 77.4% occupancy to a low of 22.1% in April.

Occupancy has recovered to 42.2% but is still well below normal levels.

Employment in the hotel and accommodation industry dropped 39.3% from Q2 2019 to Q2 2020 shedding 25,593 jobs



Top 15 Largest Regional Employers

	Atrium Health	35,700	
	Wells Fargo	24,000	
	Charlotte-Mecklenburg Schools	18,495	
	Wal-Mart Stores, Inc.	17,100	
	Bank of America Corporation	15,000	
	Novant Health / Presbyterian Hospital	11,698	
	American Airlines	11,000	
	Delhaize America, Inc. / Food Lion LLC	9,078	
	Harris Teeter	8,239	
	Duke Energy Corp.	7,900	
	Lowe's	7,801	
	North Carolina State Government	7,600	
	City of Charlotte	6,800	
	Daimler Trucks North America LLC	6,800	
	Mecklenburg County	5,512	



Major Announcements



Jul 01, 2020

Centene Corp., a St. Louis health insurance giant, will invest over \$1 billion and bring at least 3,237 jobs to the University area of Charlotte over the next decade.



Jun 16, 2020

Chime Solutions announces plans to hire 250 life and health insurance agents



May 21, 2020

Tranzact Insurance Solutions LLC plans to expand by opening a second Charlotte office and hiring 250 new employees.



Feb 10, 2020

Glalfelter Company moves HQ to Charlotte bringing 70 new jobs and a \$6 million investment.

Nov 01, 2019

WT Shade a blind and shade manufacturer invests \$1 million and creates 80 jobs.

Oct 28, 2019

Han Feng Global Inc invests \$10 million adding 200 jobs.

Oct 25, 2019

Microsoft invests \$24 million adding 430 jobs in an expansion to their Charlotte campus.

Oct 24, 2019

Chime Solutions, Georgia-based customer care services company expects to hire 1,000 new jobs to their call center by the end of next year.

Sep 25, 2019

Tecknos adds 25 new employees with a \$4.2 million expansion investment



Jun 28, 2019

Lowes announces creation of a new tech center with \$153 million investment that will create 1,600 new jobs.

Jun 20, 2019

Kax Media announces 250 new jobs with a \$3 million investment



Feb 02, 2019

Suntrust and BB&T announced a merger that would place their new company headquarters for **Truist** in Charlotte.

Dec 20, 2018

Cognizant an IT and consulting company added 300 jobs with a \$3.5 million investment.



Dec 18, 2018

AvidXchange announced a \$41 million investment in a 201k square ft facility to accommodate 1,200 new employees.

Dec 15, 2018

Van der Graaf expanded its footprint in the County adding 15 new jobs with an investment of \$18 million

Dec 06, 2018

Lending Tree moved its headquarters to the County adding 436 jobs with an investment of \$26 million.

Jul 10, 2018

Honeywell moved its headquarters to the County bringing 750 new jobs and \$248 million in new investment.





Major Events Moving the Economy

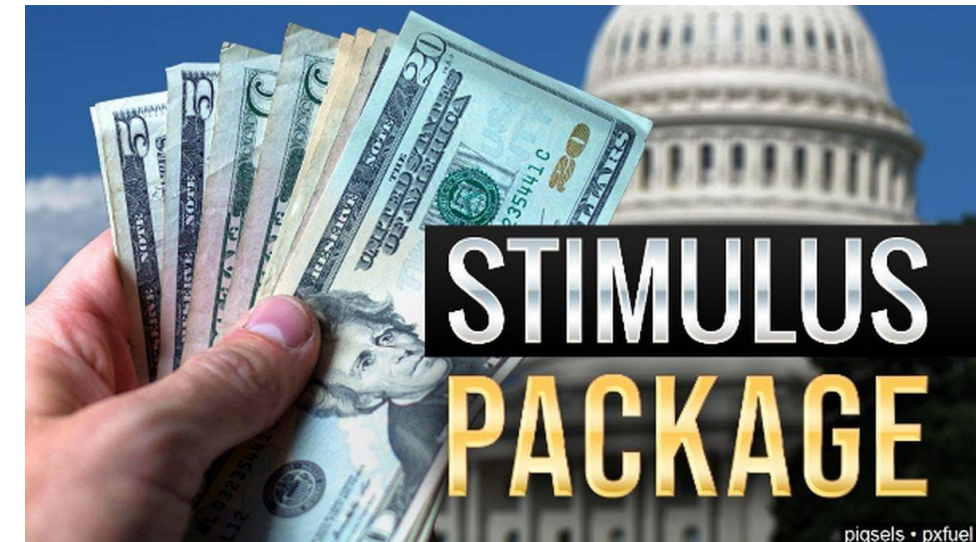
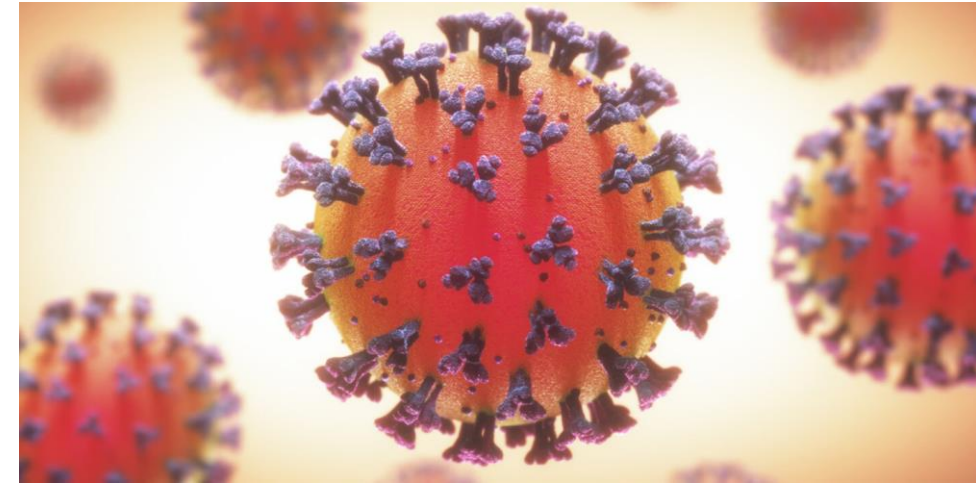
Two Vaccines have been approved and are being disseminated throughout the US.

- The Pfizer-BioNTech vaccine was first approved mid December
- The Moderna COVID vaccine was also approved.

A \$900 Billion Fiscal Stimulus is on the way and includes:

- \$600 checks to individuals (half of last stimulus)
- \$300 weekly federal enhancement in benefits for 11 weeks
- \$12 billion for Paycheck Protection Program
- \$82 billion for K-12 and colleges
- Extend eviction protection till January 31st
- SNAP benefits up 15% for six months
- \$20 billion in vaccine funding

The CARES act provided roughly \$39.2 million in relief funds to the County, but no additional state or local funding is provided in the latest bill



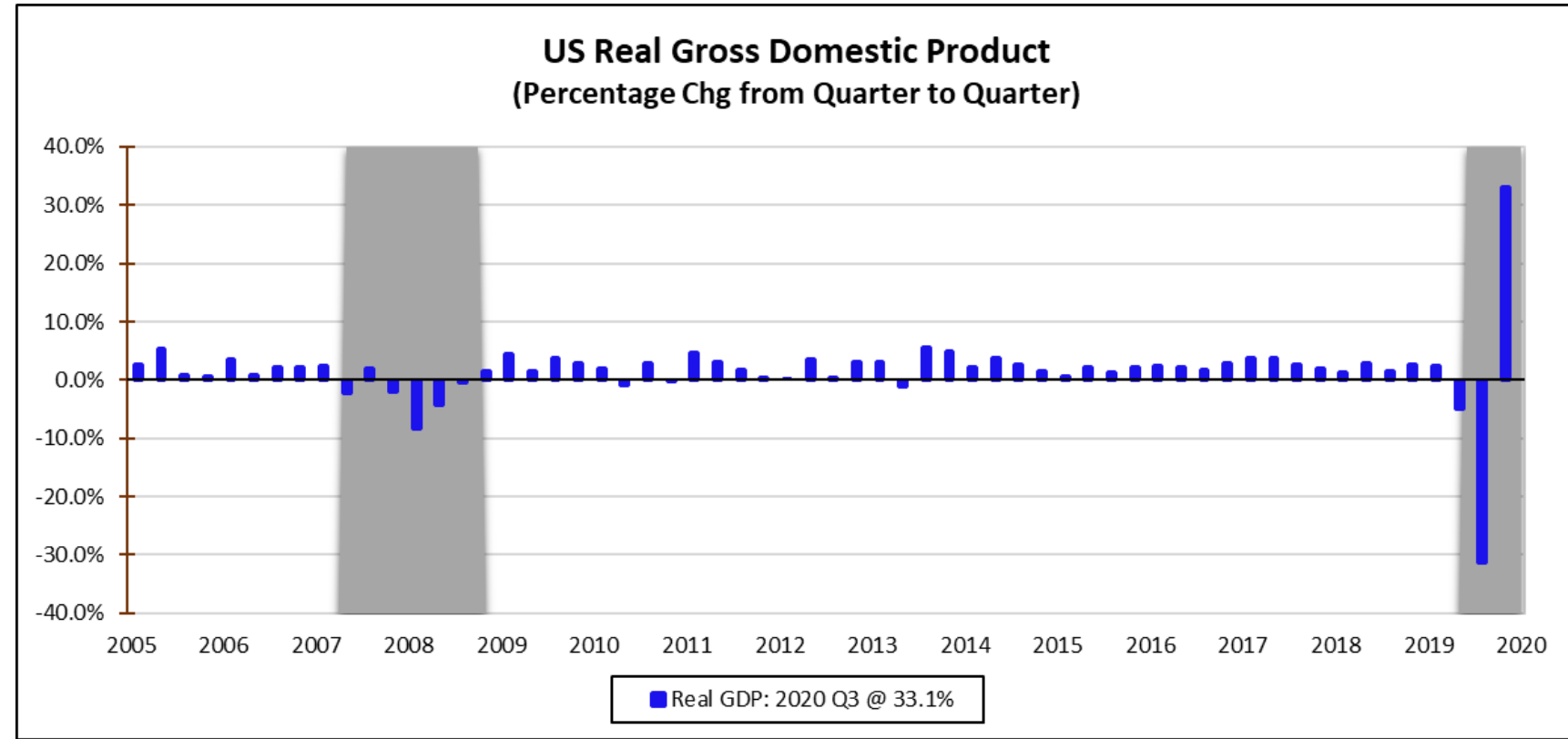
Gross Domestic Product

After falling -31.4% in the 2nd quarter, GDP rose 33.1% in the 3rd quarter.

Although a massive increase the economy still is 3.5% below its peak in the 4th quarter.

Before the COVID recession the largest quarterly decline was 8.4% during the 2008 recession

The previous largest increase was a 16.7% increase in 1950.

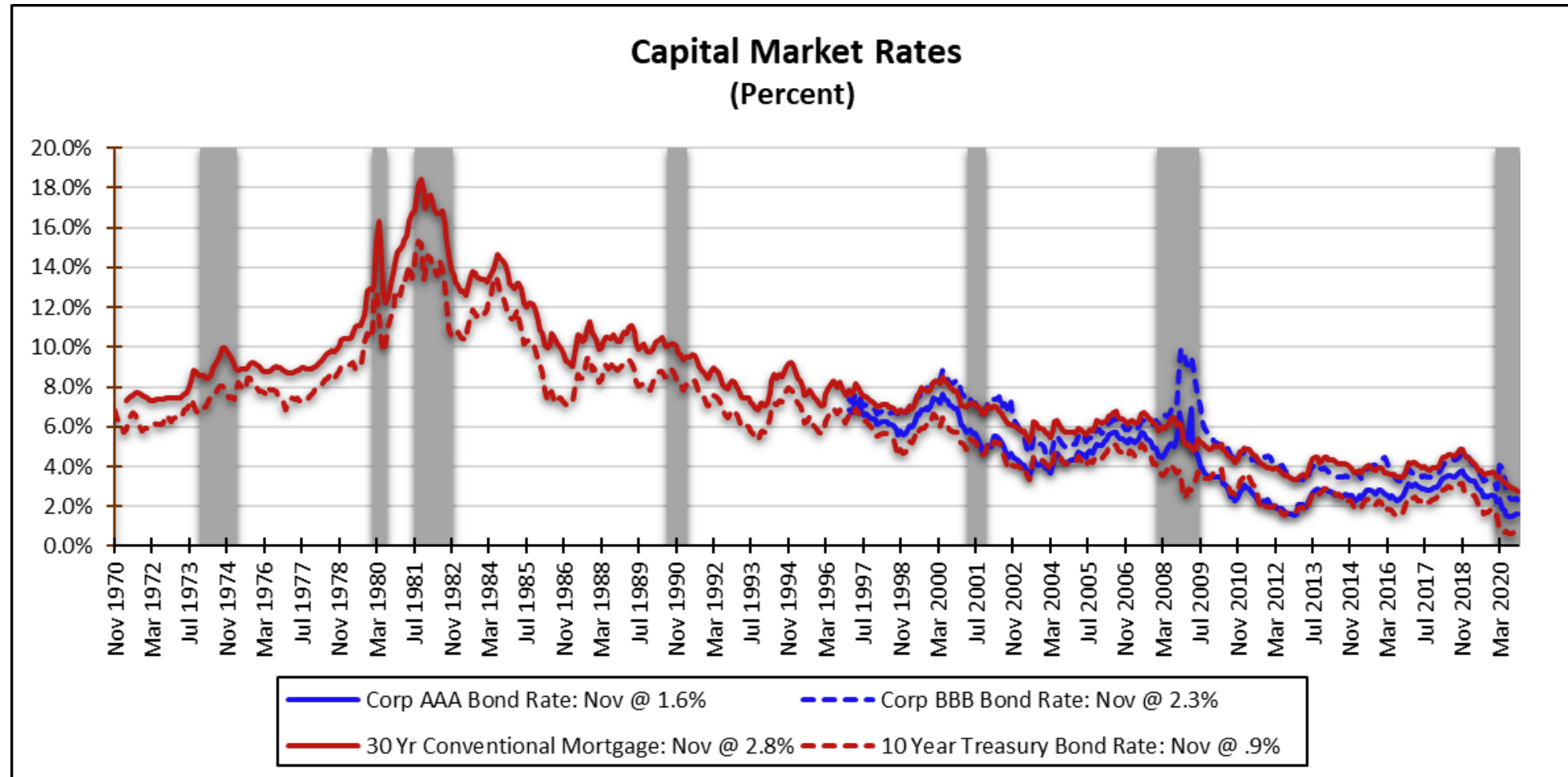


Source: Bureau of Economic Analysis



Capital Markets

Rates across the board are near record lows from corporate bonds, to mortgage rates, to T-bills. This results in savings in borrowing costs, but reduced earnings from interest on investments



Source: St Louis Federal Reserve Economic Database (FRED)



CBO Debt to GDP Projections

CBO projections show that the Federal balance sheet will become more constrained over the coming years which will likely result in tax increases.

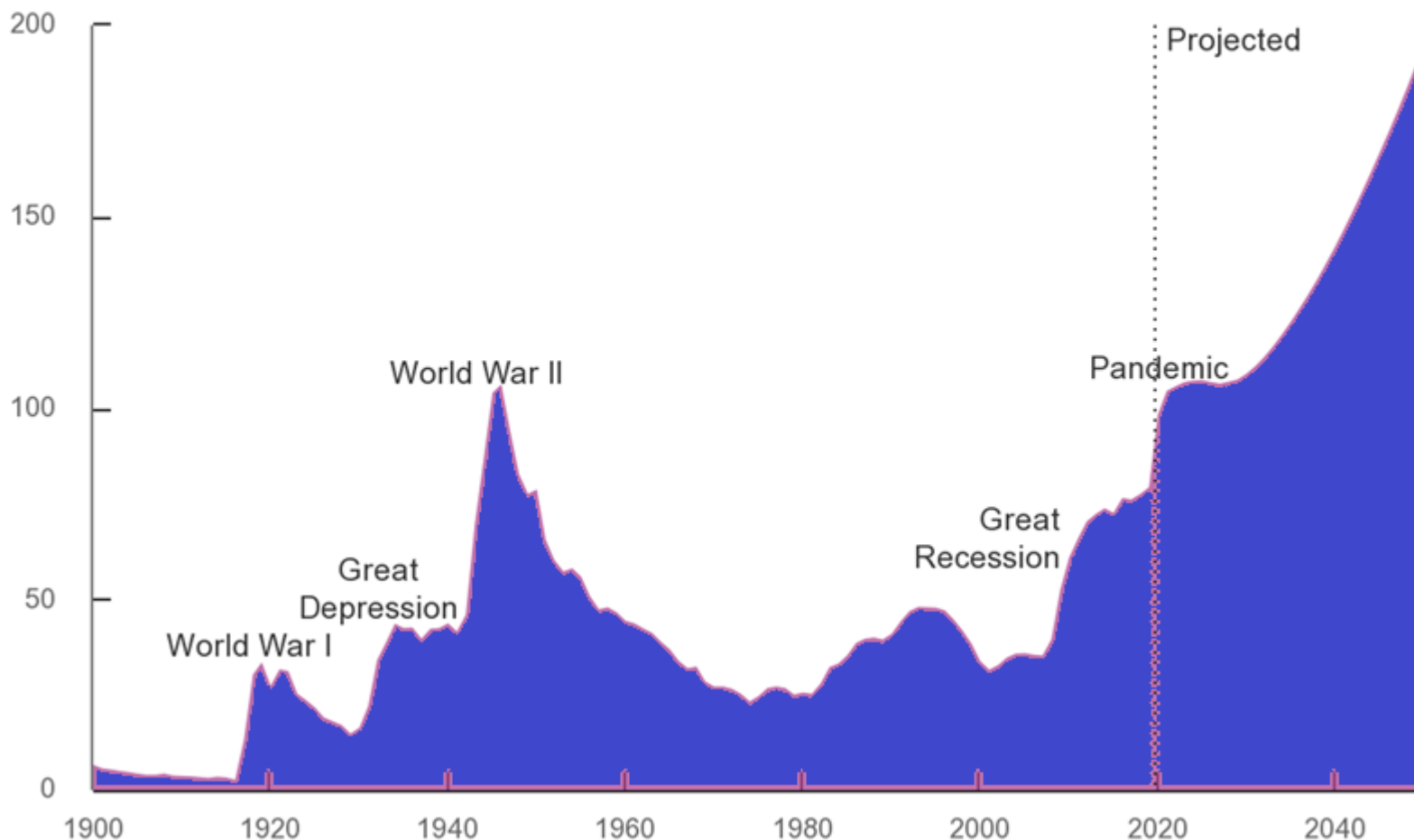
Additional stimulus will push the percentage of Debt to GDP even higher.

As of December 2019, the US ranked 10th highest debt to GDP in the world at 107%.

Japan had the highest at 237% of GDP.

Federal Debt Held by the Public, 1900 to 2050

Percentage of Gross Domestic Product



Source: Congressional Budget Office

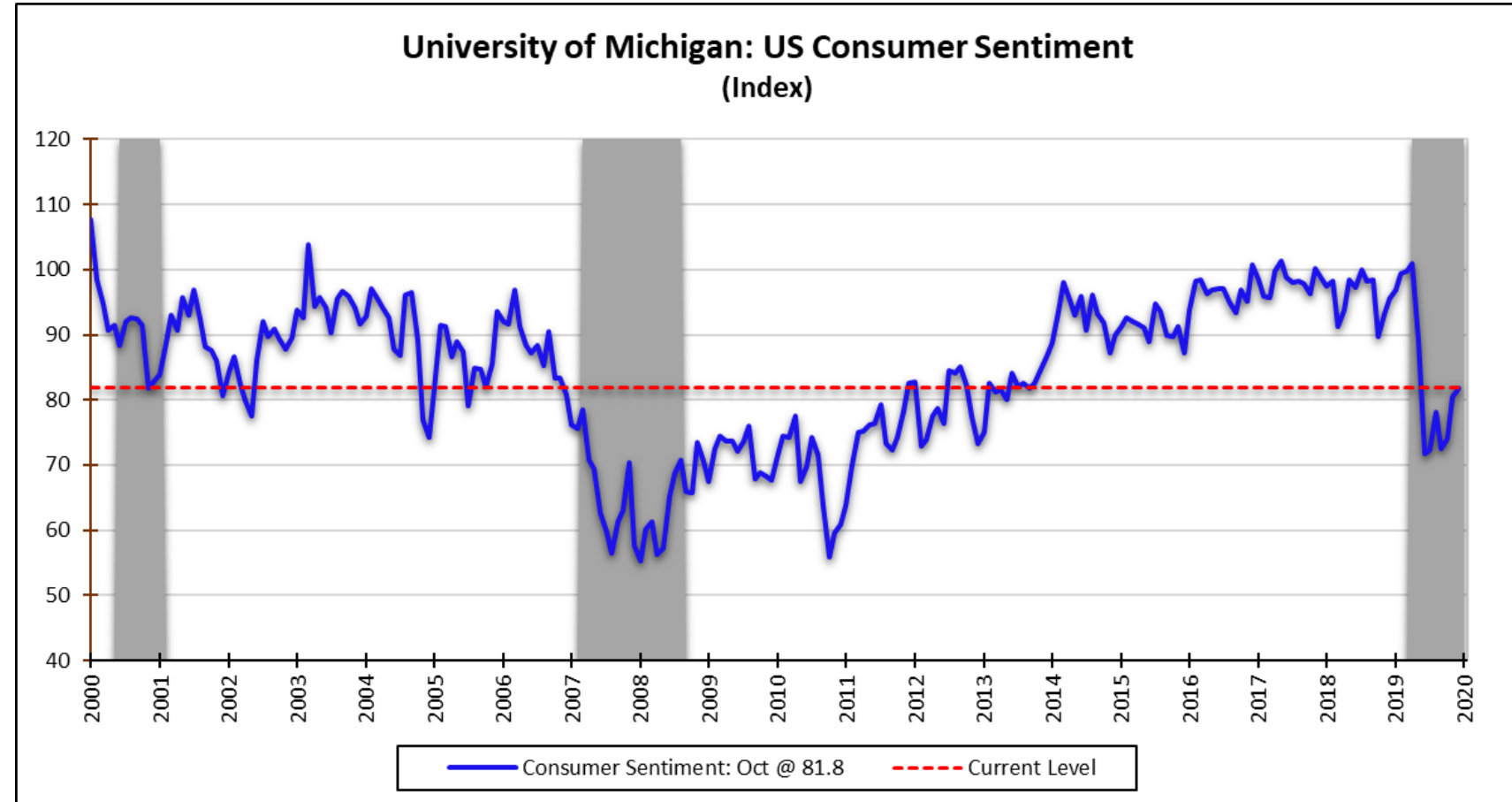


Consumer Sentiment

Consumer sentiment has improved over the past four months as COVID-19 restrictions were lifted and they become more optimistic about the economy.

In February, prior to the recession, consumer sentiment reached a reading of 101.

News of stimulus and vaccine should lift sentiment in coming months

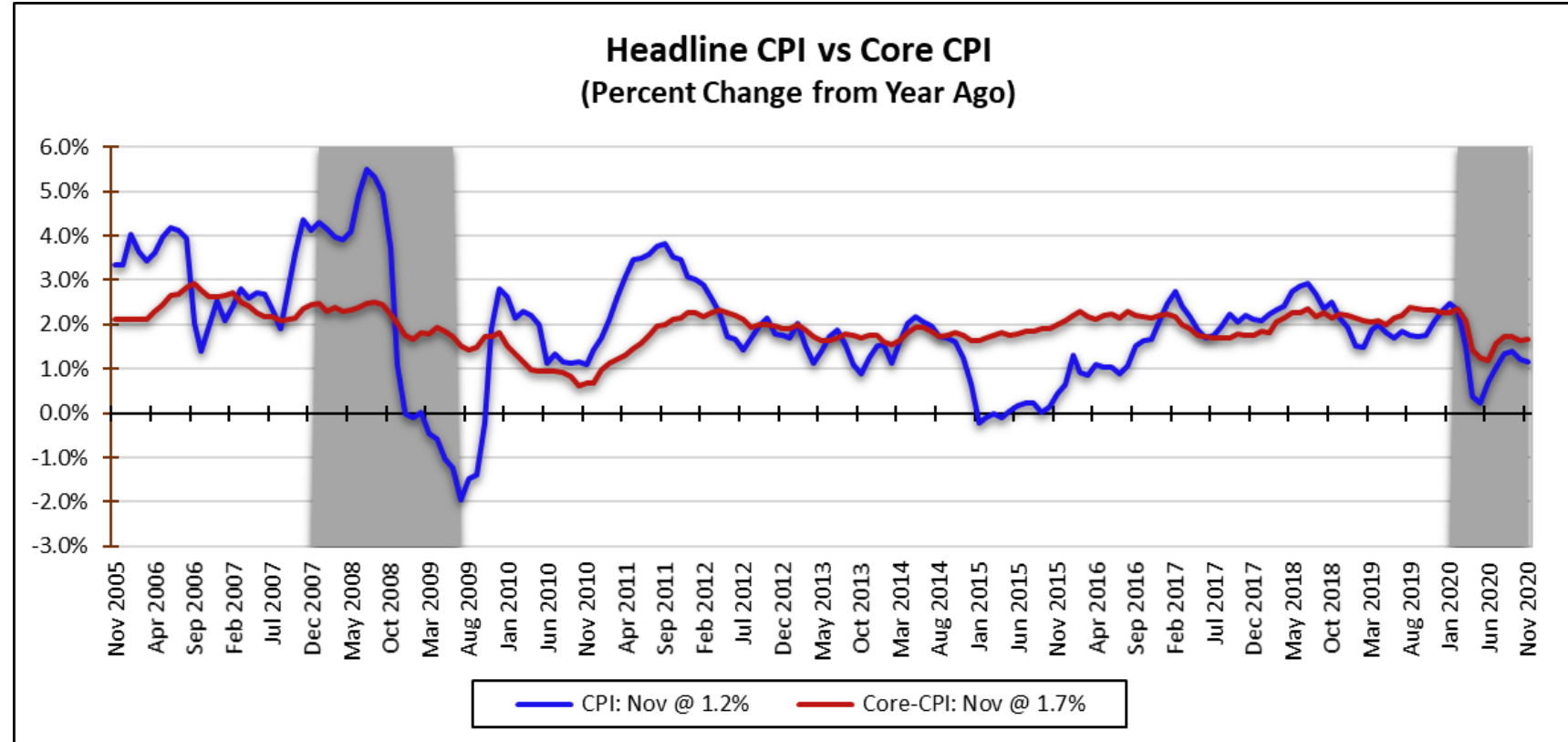


Inflation

Inflation has risen from the May near zero lows to 1.2% in November. Prior to the recession inflation was growing at 2.5%.

The increase suggests the shock from the coronavirus pandemic on the price of goods and services is starting to fade.

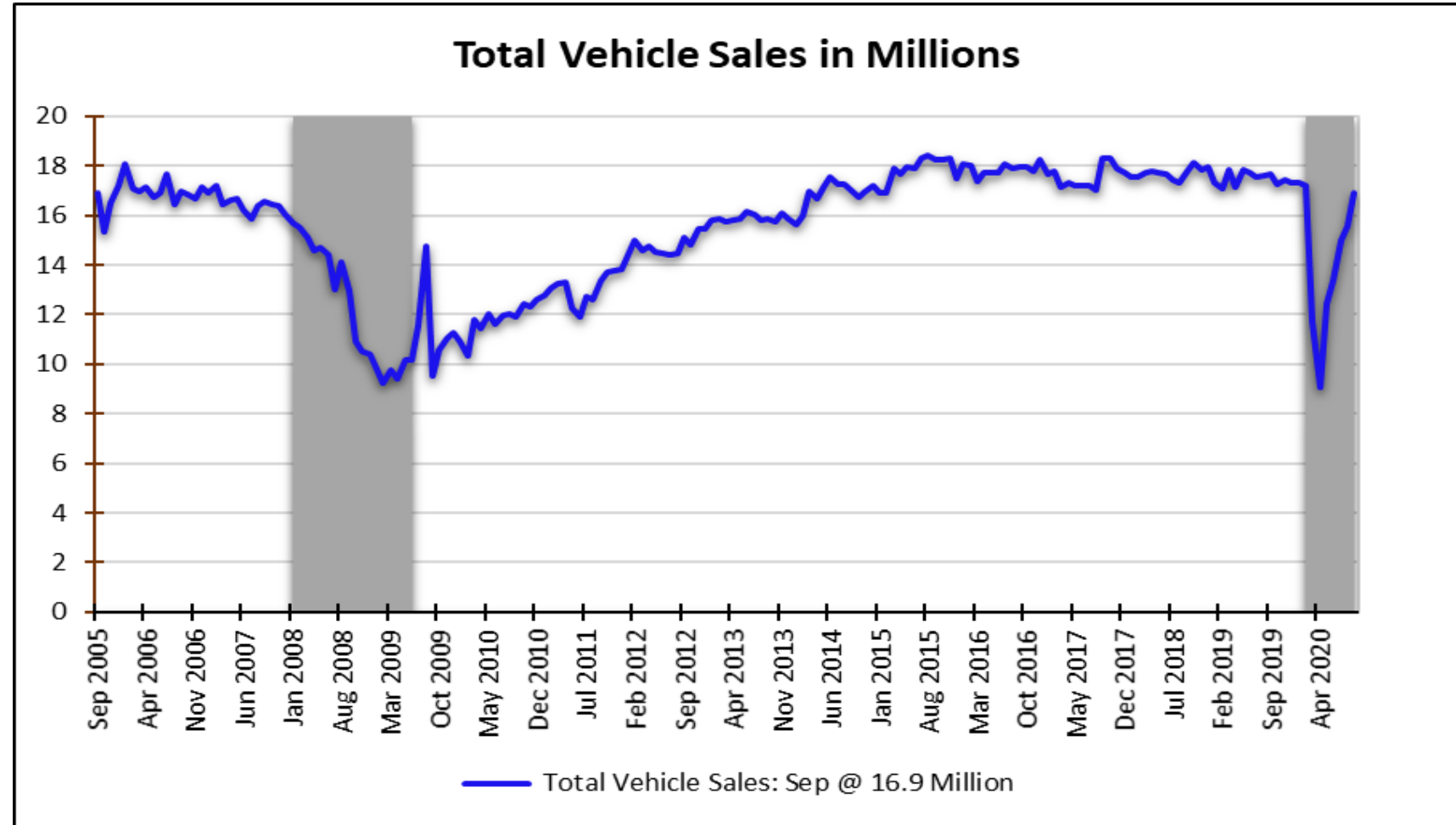
The cost of used cars and trucks jumped 6.7% in September, posting the biggest increase since 1969.



Vehicle Sales

Vehicle sales fell 53% from February to April.

The recovery in sales have been strong but in September sales were still 4.1% lower than September 2019.



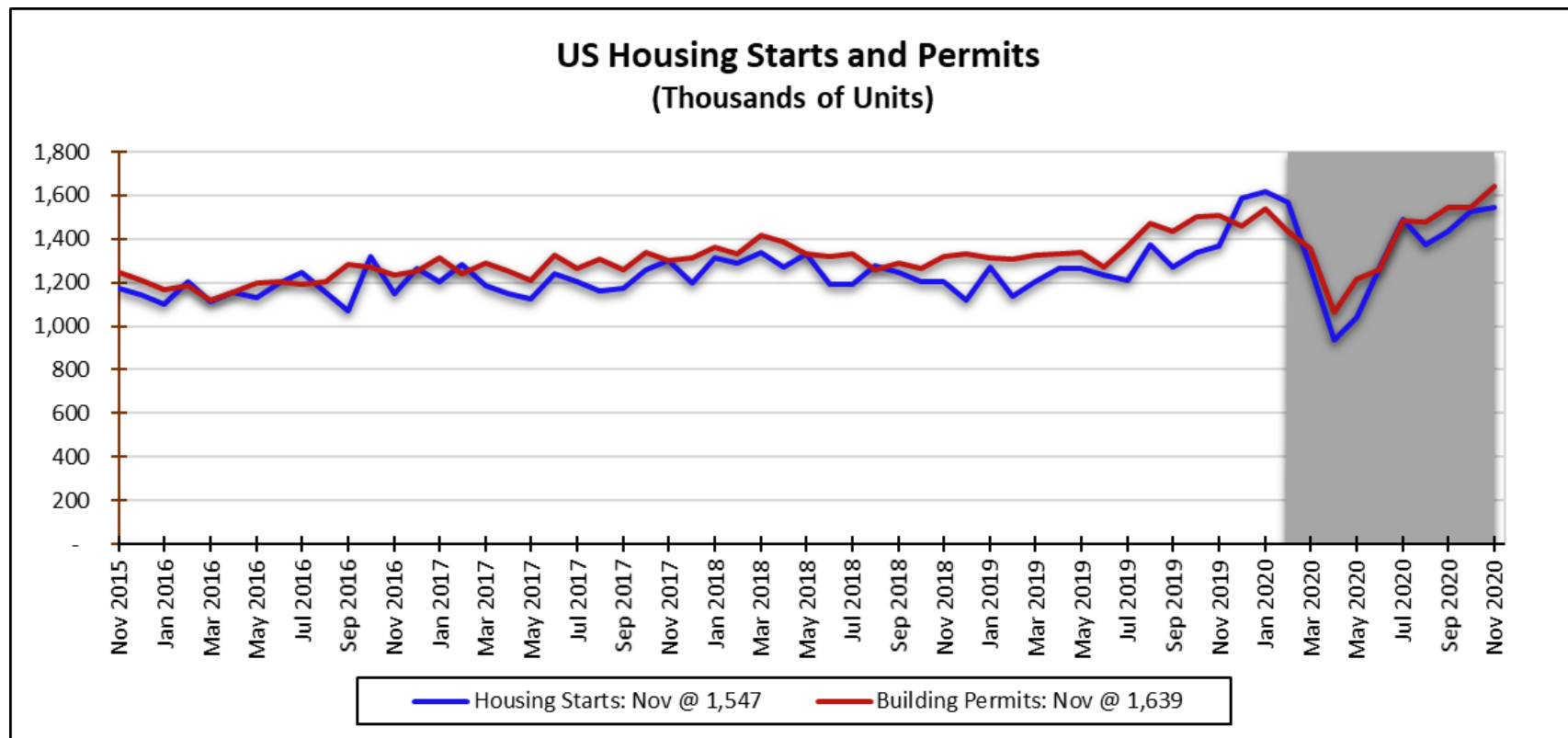
Residential, Commercial, and Rental Markets



US Housing Market

Residential housing starts and permit activity has made a sharp recovery since the start of the recession driven by low mortgage rates and preference shifts.

Permits in November were 1.63 million permits and 1.54 million housing starts.



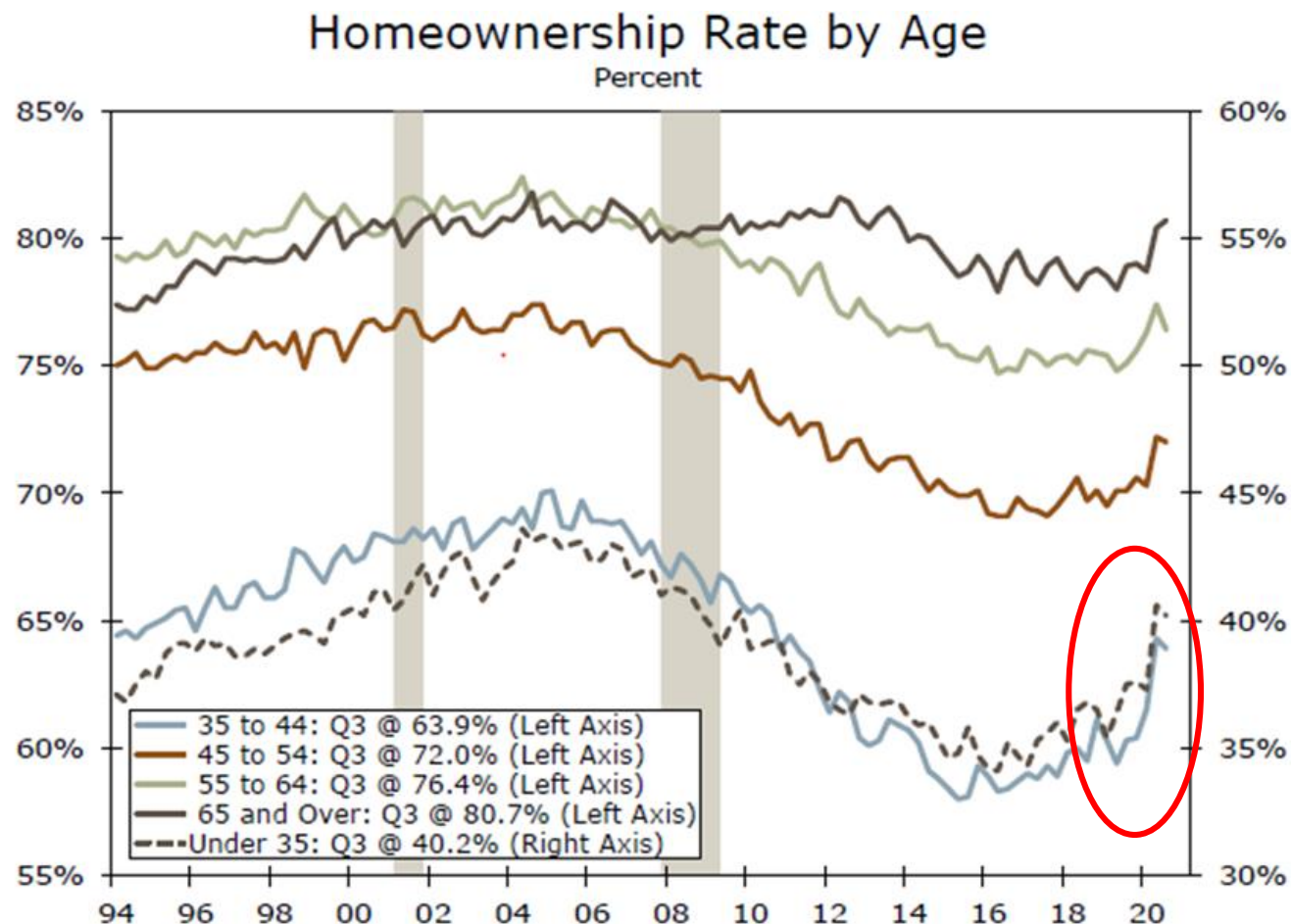
Source: U.S. Census Bureau



Homeownership by Age

The recent surge in homeownership rates of individuals under 44 signals a boost to the local housing market in Mecklenburg County.

Increased homeownership has shown to lead to increased household wealth, improved child outcomes, and increased self-satisfaction.



Mecklenburg Housing Statistics

Mecklenburg County	December			Year to Date		
Key Metrics	2019	2020	Percent Change	Thru 12-2019	Thru 12-2020	Percent Change
New Listings	1,153	1,318	↑ 14.3%	25,245	24,468	↓ -3.1%
Pending Sales	1,170	1,475	↑ 26.1%	21,356	22,692	↑ 6.3%
Closed Sales	1,692	1,853	↑ 9.5%	20,987	21,745	↑ 3.6%
Median Sales Price*	275,000	313,317	↑ 13.9%	270,000	300,000	↑ 11.1%
Average Sales Price*	343,888	394,235	↑ 14.6%	341,549	374,917	↑ 9.8%
Percent of Original List Price Received	96.6%	99.2%	↑ 2.7%	97.1%	98.5%	↑ 1.4%
List to Close	92	81	↑ 12.0%	87	84	↑ -3.4%
Days on Market Until Sale	40	23	↑ 42.5%	37	30	↑ -18.9%
Cumulative Days on Market Until Sale	46	27	↑ 41.3%	44	35	↑ -20.5%
Inventory of Homes for Sale	3,031	1,499	-50.5%			
Months Supply of Inventory	1.7	0.8	-52.9%			

* Does not account for sale concessions and /or down payment assistance.

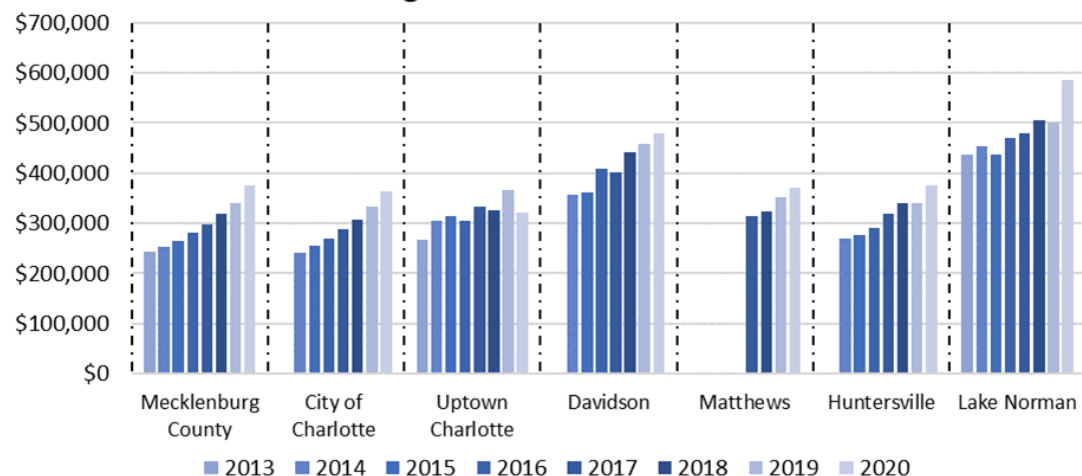


Mecklenburg Housing Statistics

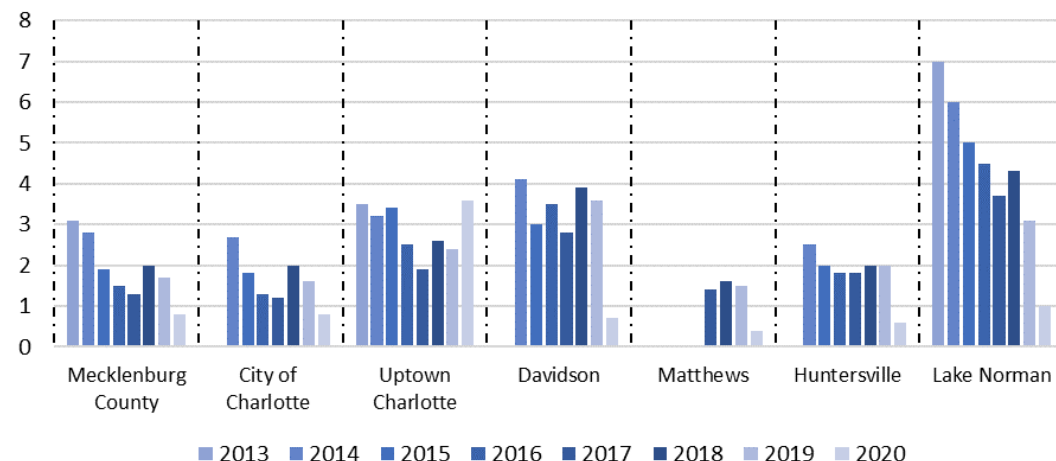
Average home prices are up 9.8% for the County and all markets within the County have increased except for Uptown Charlotte which is down 12%.

Months supply of inventory is also more constrained across the County down 50.5% from last year while Uptown Charlotte has increased by 50%.

Average Sales Price Year-to-date



Months Supply of Inventory for the month of December

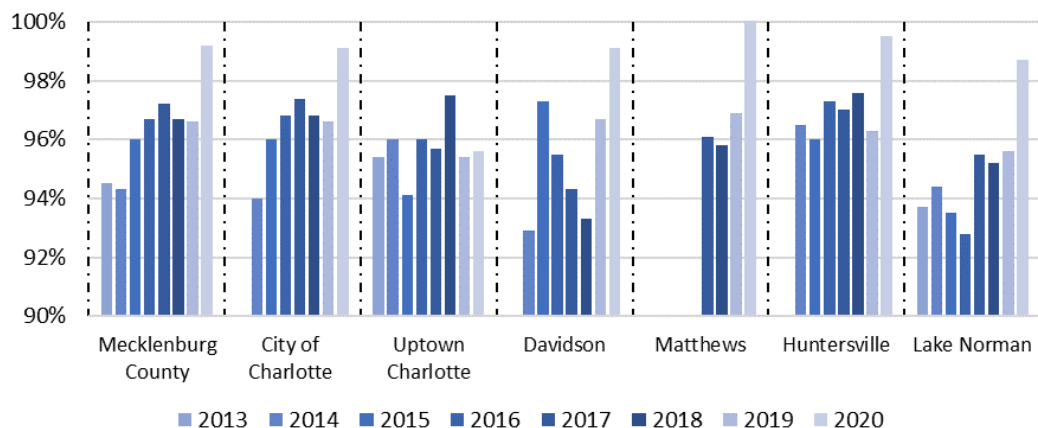


Mecklenburg Housing Statistics

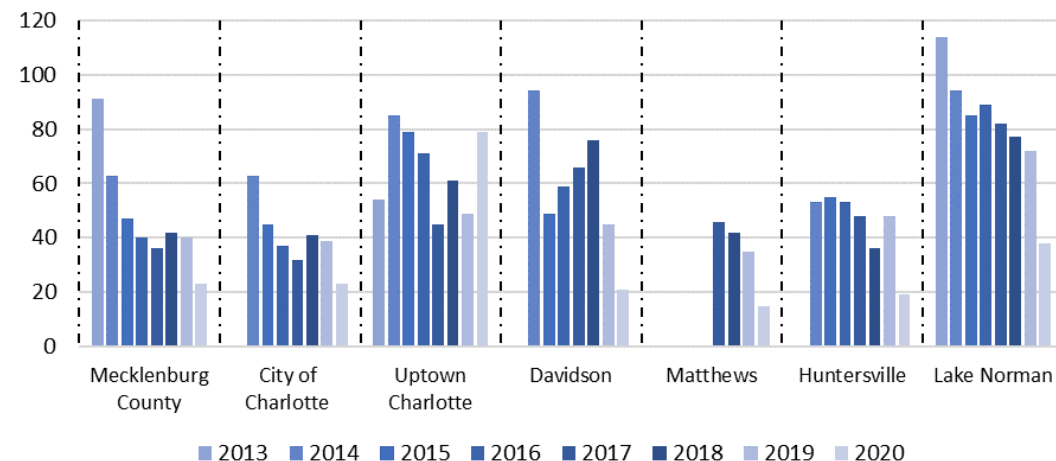
Sellers are controlling negotiations, receiving 99.2% of the listing price with homes selling in 23 days.

The percentage of original listing price received as well as the days on market until sale have drastically changed versus prior years in all submarkets.

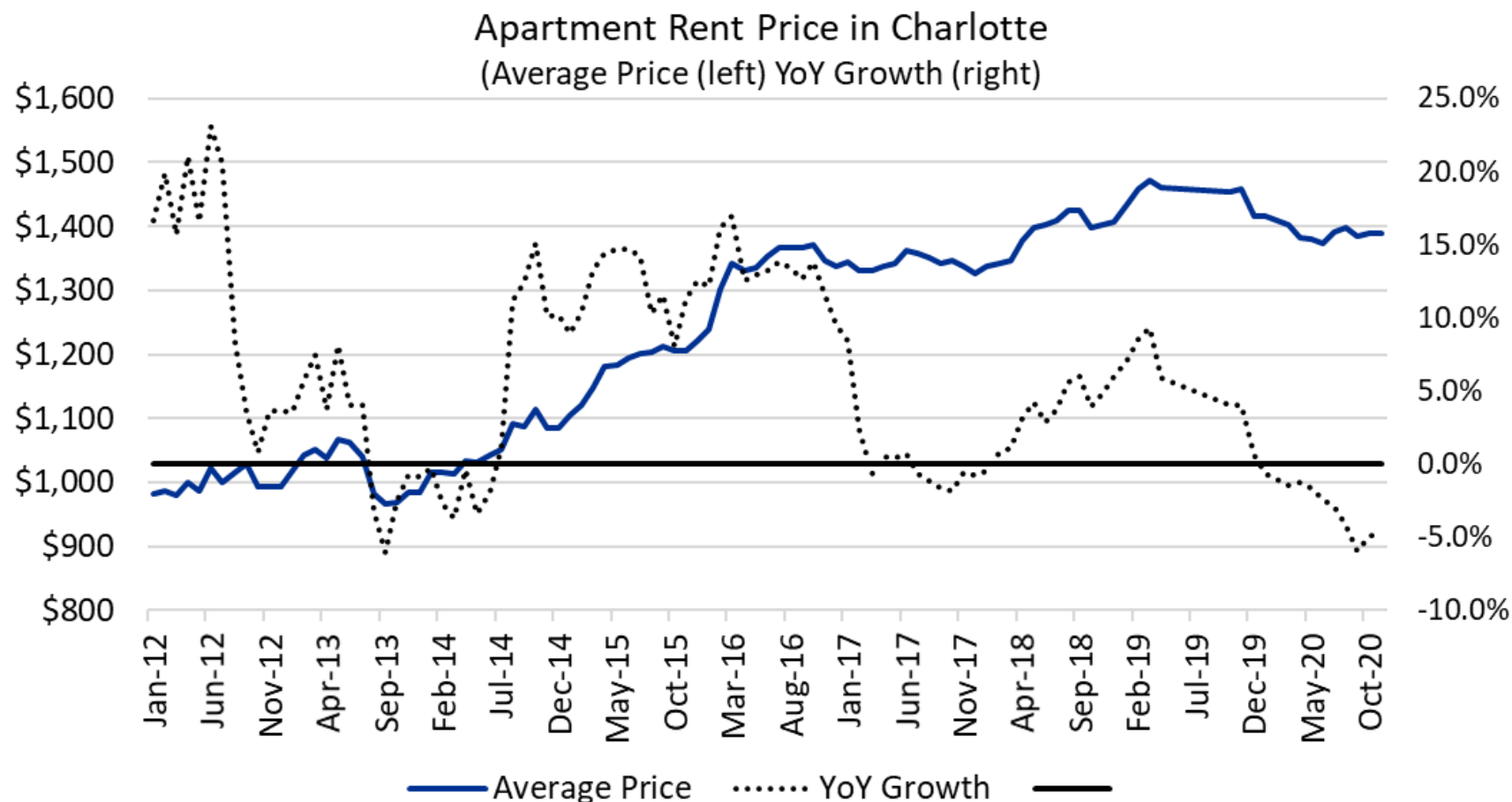
Percent of Original List Price Received for the month of December



Days on Market Until Sale for the month of December



Charlotte Apartment Market



The average price for an apartment in Charlotte in November was \$1,388 down 4.5% from last year.

1 bedroom: \$1,223 (-5.4%)

2 bedroom: \$1,512 (-3.2%)

Would be renters are looking to purchase homes as mortgage rates have made it more affordable



Construction by Decade

DEVELOPMENT BY DECADE

1980 - 1989 1990 - 1999 2000 - 2009 2010 - 2020*



Source: Charlotte Regional Business Alliance

Mecklenburg Office Market

4.7 million square foot of new office space is under construction with 4.1 million in the CBD and midtown market.

Most of the new construction is for single use tenants or has been heavily preleased.

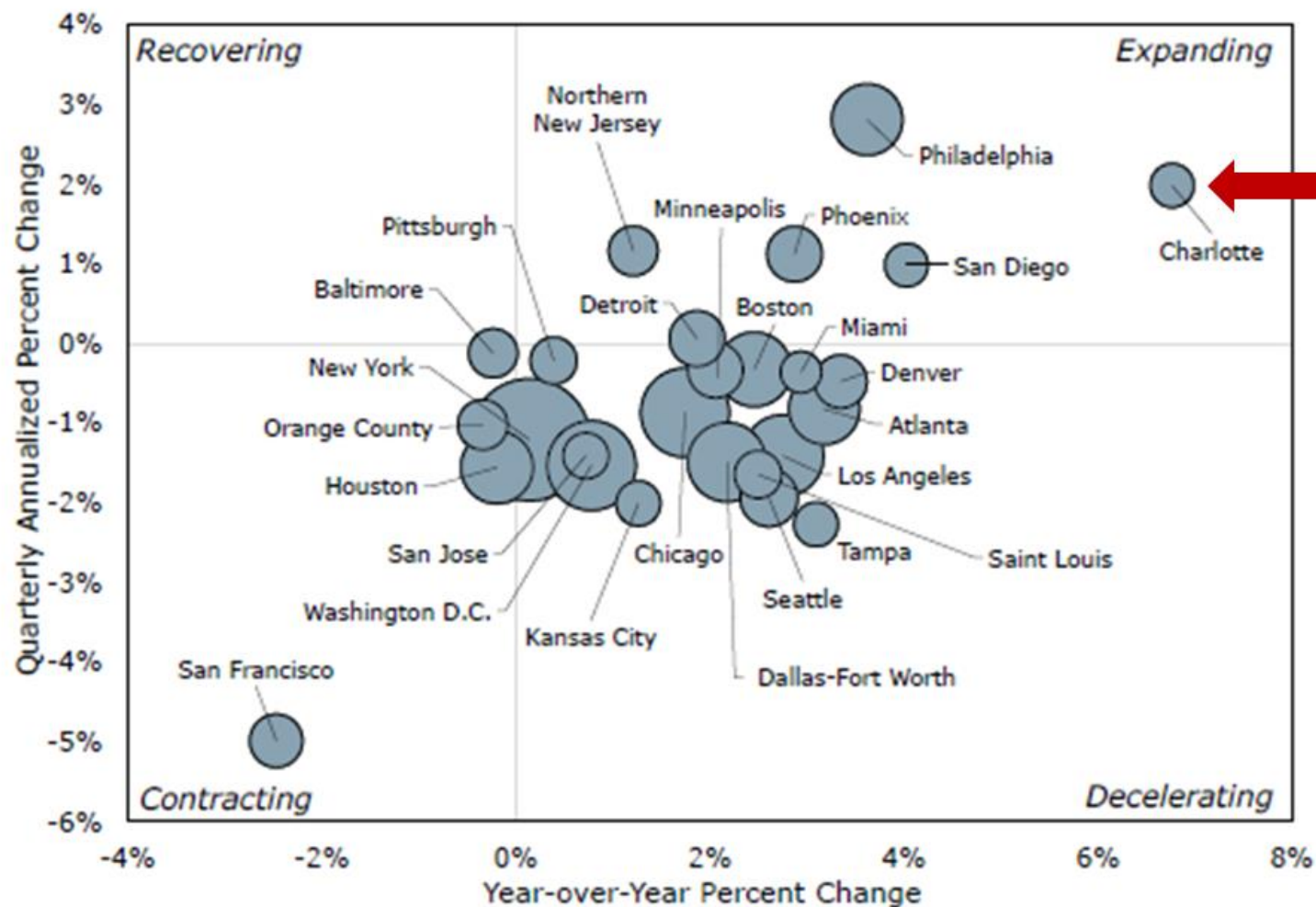
Absorption levels of office space turned negative in the third quarter.

OFFICE MARKET STATISTICS - THIRD QUARTER 2020									
Submarket	Inventory (SF)	Sublet Vacant (SF)	Direct Vacant (SF)	Overall Vacancy (%)	Current Quarter Absorption	Under Construction (SF)	Under Renovation (SF)	YTD Deliveries (SF)	Average Asking Rent
CBD / UPTOWN TOTALS	19,139,953	130	1,428,600	8.1%	-136,105	2,547,915	-	-	\$34.90
Midtown	3,190,494	21,496	319,457	10.7%	-50,060	1,631,827	-	96,022	\$33.15
Urban Market Total	22,330,447	21,626	1,748,057	7.8%	-186,165	4,179,742	-	96,022	\$34.65
Northeast / I-77	1,861,379	82,004	228,757	16.7%	-12,437	0	-	-	\$25.14
Northwest	51,868	28,590	-	55.1%	-8,590	0	438,680	-	\$0.00
University	4,266,620	67,237	517,890	13.7%	6,976	159,041	429,607	-	\$24.19
Plaza Midwood / Noda	617,137	0	247,206	40.1%	13,657	0	76,940	45,000	\$32.76
Airport	10,061,841	91,406	1,482,875	15.6%	-159,123	0	-	114,469	\$24.61
Park Road	506,376	0	79,863	15.8%	-23,550	0	146,458	-	\$31.81
Matthews	1,064,801	51,650	151,612	19.1%	-50,349	0	-	-	\$13.51
South / 485	5,912,427	134,060	608,006	12.6%	-50,446	419,960	-	-	\$33.74
South	1,168,364	7,093	85,169	7.9%	-18,444	0	-	-	\$25.87
East	857,099	0	176,018	20.5%	226	0	-	-	\$16.07
Southpark	4,430,937	53,674	434,419	11.0%	-54,678	0	-	-	\$32.80
Suburban Market Total	30,798,849	515,714	4,011,815	13.0%	-356,758	579,001	1,091,685	159,469	\$25.41
Class A	37,275,647	464,040	3,388,743	10.3%	-397,171	4,679,743	745,265	87,250	\$32.39
Class B	15,853,649	203,403	2,371,129	16.2%	-145,752	79,000	346,420	168,241	\$24.39
Mecklenburg Total	53,129,296	537,340	5,759,872	10.8%	-542,923	4,758,743	1,091,685	255,491	\$30.32



Mecklenburg Office Market Comparison

Office Asking Rent Growth: Q2-2020



Delinquency Rates by Sector

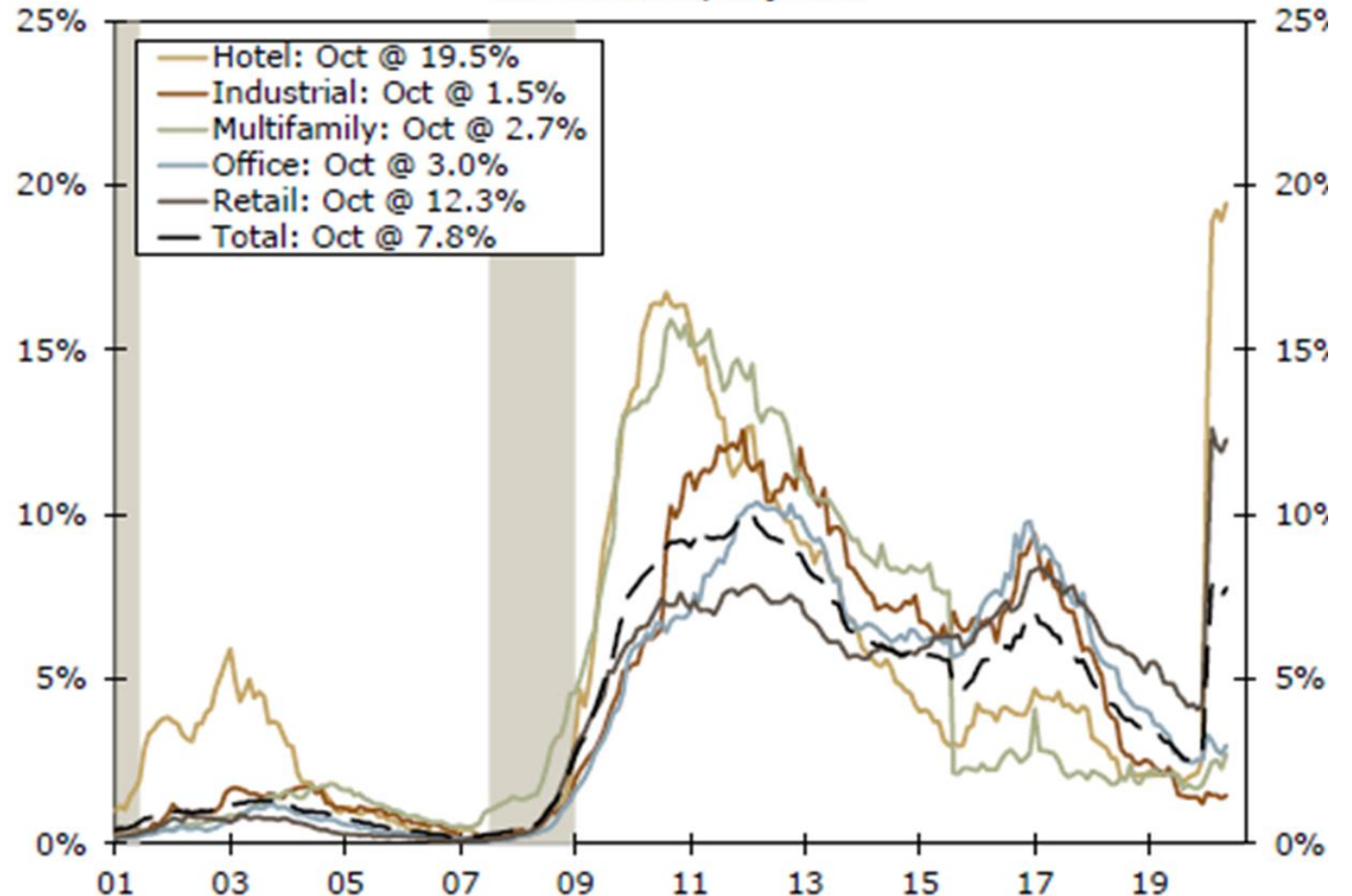
Delinquency rates are up for hotels (19.5%) and retail (12.3%) in October.

As COVID-19 drags on it could create opportunities for the County to acquire land or buildings to repurpose to meet initiatives or for future CIP projects.

Given the projection for a slow recovery in leisure and business travel hotels are likely to continue to struggle.

CMBS Delinquency Rates by Sector

Not Seasonally Adjusted



Source:



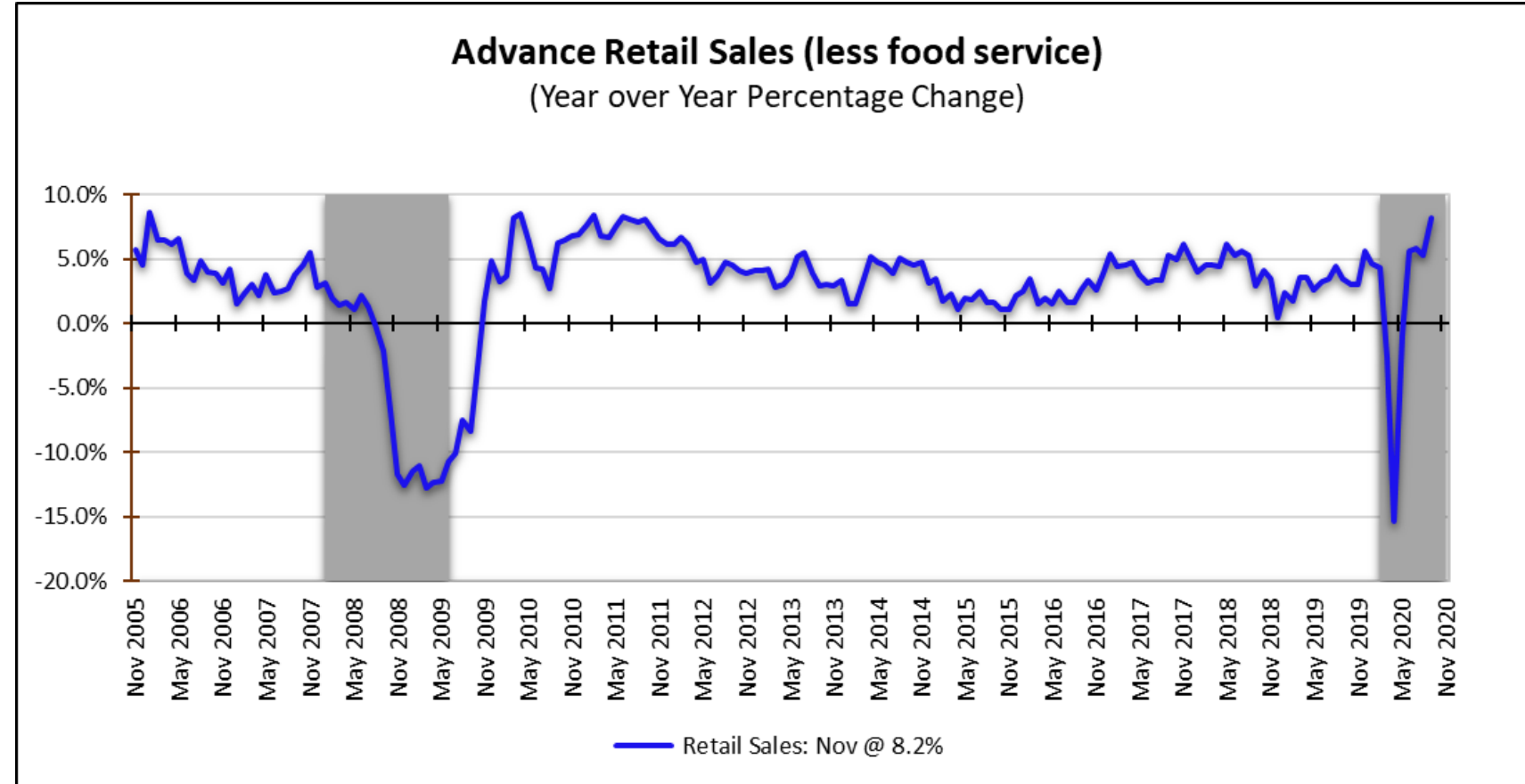
Retail Sales and Sales Taxes



National Retail Sales

The advance national retail sales leads county sales tax by a few months and provides the best estimate for future tax collections

After falling to a low of 15.3% in April sales taxes have recovered and in November reached 8.2%



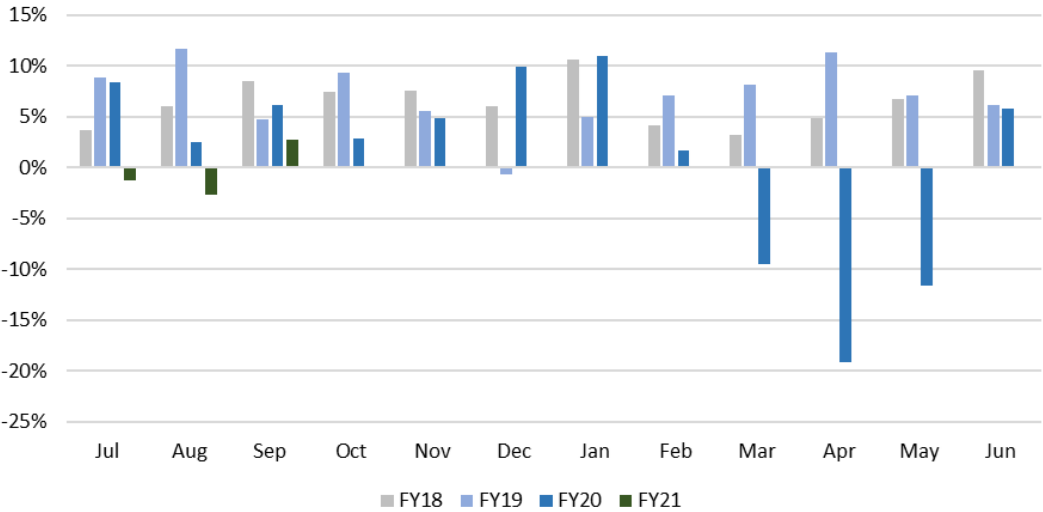
Sales Tax Forecast

County collections showed an increase of 2.8% following declines in July and August of 1.3% and 2.7%.

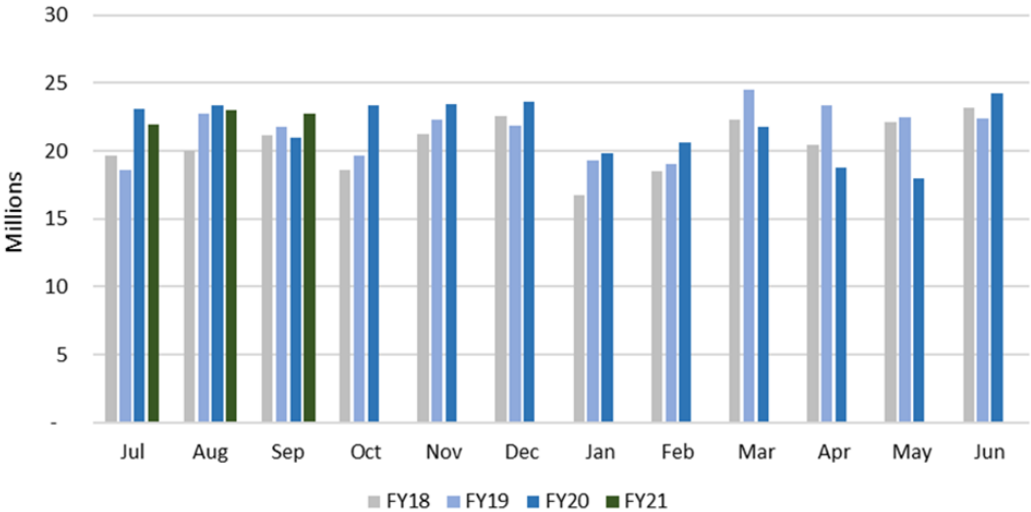
Overall sales taxes were 8.6% higher than September of last year mostly due to lower refunding activity. (1.8 mil less refunds). Growth in the combined sales tax YTD is 0.5%.



County Collections



Sales Tax Total

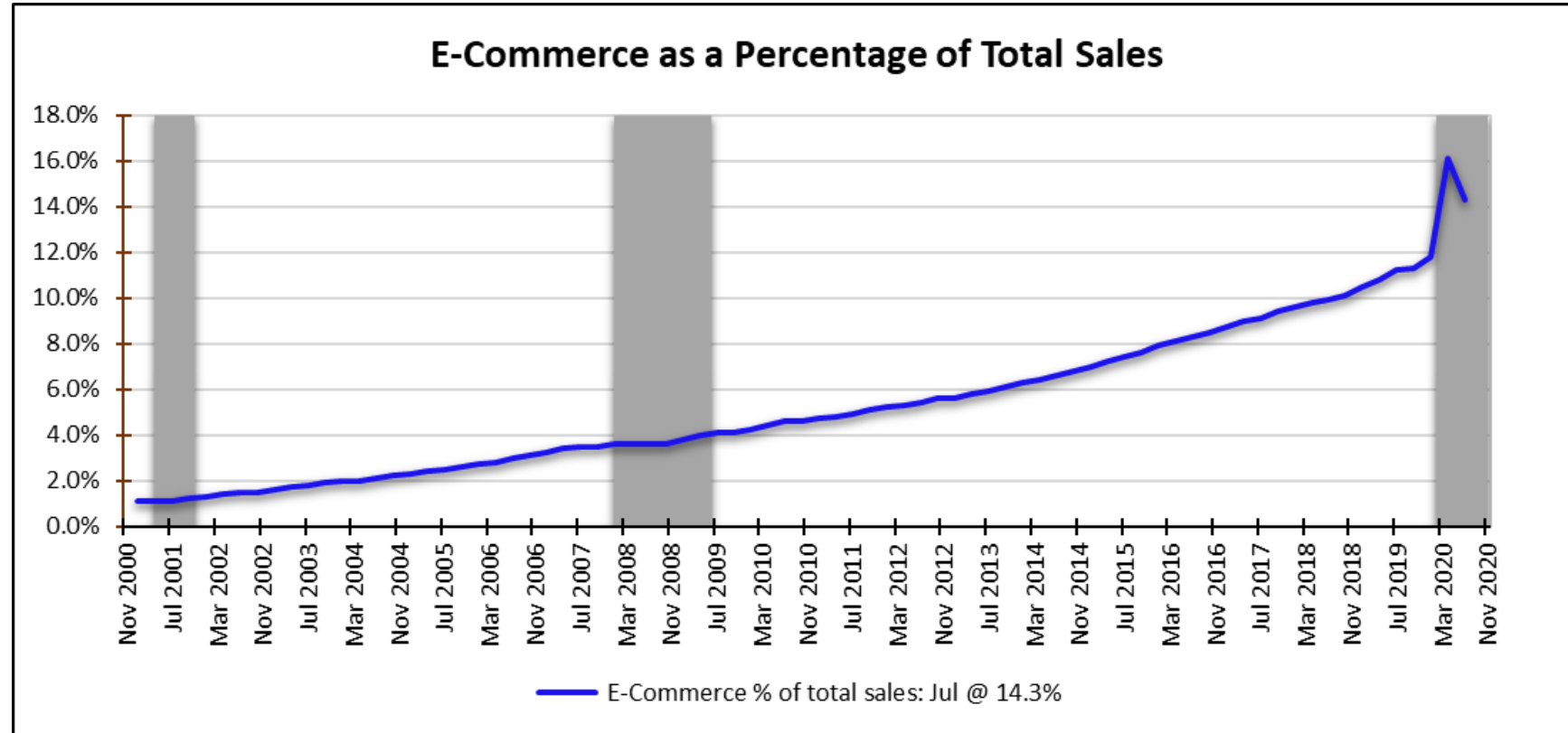


E-Commerce Sales

E-Commerce is quickly growing. From its beginning in the late 90's internet sales rose to 11.8% before the pandemic.

With the onset of the pandemic E-commerce sharply increased to comprise 16.1% of all sales but has since fallen to 14.3%.

The pandemic has shifted in-county sales to outlying counties as travelers are making more purchases from home.



Recap



Population

Mecklenburg is projected to add 600,000 new residents over the next 30 years with higher growth in the surrounding counties.



Employment

The unemployment rate should continue to trend lower albeit at a slower pace. Unemployment around 5% is projected around 2023.

Industries such as hotels, airlines, and entertainment will take years to recover.



COVID-19

Two vaccines are now available, but news of new strains of COVID may reduce effectiveness.

Controlling COVID-19 remains the largest economic unknown in 2021.



Real Property

Limited supply coupled with high demand will continue to push residential property values higher.

Commercial property will continue to make the County one of the fastest growing markets in the US.



Sales Tax

The second round of stimulus will push retail sales above current levels,

However, Mecklenburg's growth could be held back due to rising e-commerce trends.



Questions?

